



GOVERNMENT OF INDIA

DEPARTMENT OF COMMERCE

REPORT OF THE
INDIAN TARIFF BOARD

ON THE
COTTON TEXTILE MANUFACTURING INDUSTRY



वस्त्रायन नियन्त्रण

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वस्त्रायन नियन

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REPORT ON THE COTTON TEXTILE MANUFACTURING INDUSTRY

1. The Government of India, Department of Commerce, in *Reference to the Board*, their letter No. 134-T(36)/46, dated the 19th December 1946 (Appendix I), pointed out that the period for which protection had been granted to certain old established industries, including the cotton textile manufacturing industry, was due to expire on the 31st March 1947, and requested the Tariff Board to investigate the claims of these industries to continued enjoyment of protection at the existing, or a reduced or enhanced, scale. Government referred in their letter to the continuance of the economic uncertainties which had made it impossible to conduct such an inquiry during wartime and asked the Board to evaluate, in a summary manner, the necessity, or otherwise, of continuing the existing measures of protection beyond the 31st March 1947. In making its recommendations, the Board was asked to bear in mind the interests of both the manufacturers and the consumers. Government desired the considered opinion of the Board by the end of January 1947, as a decision must be taken well before the commencement of the budget session in order to enable them to introduce the necessary legislative measure in time, and therefore suggested that the Board might have a summary discussion with the representatives of the industries and other interested parties. The reference was subsequently confirmed in the Commerce Department Resolution No. 28-T(6)/46, dated the 20th January 1947. (Appendix II).

2. As the time at the disposal of the Board was not much *Method of inquiry.* more than a month and it was impossible to hold a detailed inquiry involving determination of costs of production and landed costs of imports for equation of domestic and foreign prices, we decided to compile such data as could easily be gathered from Government publications and records and to discuss with the representatives of the industry and other interested parties as to what should be done when the existing protective duties would expire on the 31st March, 1947. The Board decided to invite representatives of the different millowners' associations in the country, a few prominent importers and merchants, some representatives of the handloom industry, and certain other individuals having intimate knowledge of the industry to a joint conference for discussion of the principal issues. A list of the associations and persons to whom invitations for the conference were issued will be found in Appendix III. The associations were also asked to submit their views a few days before the conference was due to meet. Most of the associations to whom the request was addressed were good enough to comply with it. The conference was held in the office of the Board in Bombay on the 21st

and 22nd January, 1947. A list of the persons who attended the conference is given in Appendix IV.

*Review of
the proceed-
ings of the
conference.*

3. The Board explained to the conference the purpose for which the meeting had been convened. It was pointed out that the cotton textile industry had been a protected industry ever since 1927 when the Indian Tariff (Cotton Yarn Amendment) Act, 1927, was passed. There had been five tariff inquiries into the case of the textile industry in 1927, 1929, 1932, 1932, and 1936, and the protective duties had been continued by Continuation Acts in wartime. The last extension was agreed to by the Legislature in April 1946 for a period of one year, and an undertaking had been given by Government that, in the meantime, the case of the industry would be examined and Government would decide as to what should be done in respect of this and other major industries. A summary was given of the proceedings of the Legislative Assembly to indicate the context in which the extension had been agreed to and the justification that would be demanded in the event of Government proposing further extension to the existing protective duties. It was pointed out that the principal criticism against the continuation voiced in the Legislature was that these industries had grown up under the shelter of protection for a sufficiently long time to enable them to stand on their own legs and were now placed in a particularly strong position as competition from abroad was now practically non-existent. Some members of the Assembly had remarked that in extending protection Government had been paying far too much consideration to the interests of producers at the cost of other equally vital interests, such as consumers, workers, and cottage industry. Another point that was urged in the debate was that protection should ordinarily be regarded as a temporary expedient, intended to enable a struggling or distressed industry to overcome foreign competition, either in the initial stages or during depression, and that the protection would not be justified unless the industry could give an assurance that it would be in a position to dispense with the protective duties within a reasonable time. The Board asked the industry to consider whether it was not in a position now to dispense with protection when the circumstances were most favourable and, if not, whether it could say that it would ever be able to stand on its own legs. It was unfortunate that the time given to the industry to prepare its case was short, but nevertheless it had enough time to point out whether competition existed, and whether the shoe was pinching and, if so, where and to what extent. While inviting the industry to state its case, the Board asked it to bear in mind certain salient features mentioned below. Firstly, there is very little import of cloth and yarn at present, although the indigenous production is considerably short of the total requirements of the country. In 1947, it is estimated that there may be imports of about 15 million yards of cloth as against the country's imports of something like 750 million yards of cloth per annum on an average.

before the war, the inadequacy of the imports being further emphasised by the fact that our own production of textiles is 4,000 million yards of cloth, taking the mill industry, and 5,200 million yards of cloth taking both the mill industry and the handloom industry together. *Secondly*, there is an over-all world shortage of cloth which is likely to prevent import of any substantial quantity of cloth and yarn into this country from abroad. *Thirdly*, Japan which was a serious competitor in cotton textiles before the war and against which the previous protection was mainly devised and operative, was now out of the picture, and, from all reports, it appeared that the textile industry there was so crippled and disorganised that it could hardly be regarded as a possible competitor in the course of the next two or three years. *Finally*, it was pertinent to ask whether, if the industry was not in a position to dispense with protection to-day, it was ever likely to dispense with protection, and whether it was possible to envisage more favourable circumstances for the withdrawal of protection. The industry was asked to remember that it was over a hundred years old (the Bowreah Cotton Mills Company on the banks of the Hugly having been started in 1818 and the first mill in Bombay, the Bombay Weaving and Spinning Mill, having been started in 1854), that it had enjoyed protection for 20 years, that it had enjoyed exceptional prosperity in wartime for over 7 years, and that it was the principal major industry of the country, and that if such an industry required protection at a time when there was no foreign competition, in the time of a Government that was wedded to the policy of industrial development, it would amount to a case of demand for perpetual protection.

4. There were two other points to which the Board asked the *Burden of proof that protection is necessary rests on the industry.* industry to pay attention while submitting its case for protection. One was that, if the industry asked for continuance of protection, the burden of proving that protection was necessary under the conditions of to-day rested heavily on the industry. It was pointed out that protection had to be justified broadly on the following principles, viz., (i) that there exists competition from which the indigenous industry requires protection; (ii) that the protection required is of temporary duration and would be dispensed with within a reasonable period; (iii) that the cost to the consumer arising from the protection is reduced to the minimum; and (iv) that the industry is run on sound business lines.

5. The other point on which the Board laid emphasis was the *Interest of the consumer.* weight to be attached to the interests and requirements of the consumer. The industry was requested particularly to consider how the cloth prices could be reduced, thus affording the much-needed relief to the consumer, by any adjustment of duty or modification in the nature of protection. The Board was not concerned with the general and much wider question of cloth prices, which was outside the scope of its inquiry, but it would like to examine if some relief to the consumer could be given by adjustment of duties on the different

varieties of cloth and yarn.' In this connection, the point of view of the consumers was that, if the industry was de-protected—to use a new but convenient word—and the protective duties were removed and replaced by revenue duties, then more imports from abroad might come, the imports might be sold at lower prices, and the lower prices of the imports might induce indigenous producers to reduce their prices in order to maintain the goodwill of customers. The consumers were aware of the fact that the cloth position was still tight and that the imports were only a small fraction of the pre-war volume or the requirements of the country, but they contended that even a small stream of imports at favourable prices might have a salutary or chastening effect on the mill industry of the country. The industry might then be obliged to revise its price policy and agree to price reductions in order to earn and retain the good will of the people and in order to check the flow of imports.

*Written replies
of the Mill-
owners' Assn.
associations.*

6. The Board informed the conference that the millowners' associations which had been addressed to give their views on the points at issue were unanimous in demanding continuance of protection, though averring that protection was not needed and that protective duties were practically ineffective. The industry, however, could not tell when competition might overtake it, when Japan might be resuscitated as a formidable competitor which it was in pre-war years, when the export drive of England would take the form of heavy exportation of British textiles to India, or when the mighty production potential of America might divert its attention to the Indian market. The industry, therefore, stated in its written case that the present was not an opportune time for tampering or tinkering with the protection of a major industry, that the existing measures of protection should be continued for a year or two, and that they might be allowed to lapse on March 31, 1949, if in the latter half of 1948 the industry did not apply for continuance of protection. The industry also stressed the fact that it did not have time to prepare a full-fledged case or to show how foreign prices might be competing with domestic costs. Finally, the industry urged that a summary inquiry of the nature envisaged by the Commerce Department Resolution now undertaken by the Board would be an insufficient and inappropriate forum to determine such a vital issue as removal of a 20-year-old protection enjoyed by the premier industry of the country.

*Alternative
Solutions for
consideration.*

7. Having acquainted the conference with arguments for and against the continuance of protection as they were presented by the industry and by the consumers, the Board pointed out that there were the following four alternatives or a suitable combination of some of these alternatives, as possible solutions of the problem now before the Board and the conference. The alternatives were:

(i) Maintaining the present protection for a further period of two or three years ending March 31, 1949 or 1950 and stipulating the institution of a Tariff Board inquiry into the industry in the

latter half of 1948 or 1949, by when conditions may be expected to be fairly normal.

(ii) Maintaining the present position regarding protection for a further period of two or three years but keeping the protective duties in abeyance, partially or wholly, on some or all varieties of imported cloth or yarn through an executive order under the Sea Customs Act or the Indian Tariff Act, subject to institution of a tariff inquiry in the latter half of 1948 or 1949 to determine the nature of protection, if any, required for the industry as a permanent measure.

(iii) Holding that the industry has failed to make out a case for protection which should therefore be withdrawn, leaving it to Government to impose such revenue duties as may be decided purely on budgetary considerations.

(iv) Holding that the industry has failed to make out a case for protection, but recommending conversion of the existing protective duties into revenue duties at the same level for a period of two years after which they may be modified to suit the exigencies of budget, without any relation to competition between indigenous and imported goods.

8. The Board also referred to the request received by it from *Handloom industry's Chairman, All-India Handloom Board*, for removal of the duty *request for removal of duty on yarn*, on yarn on the ground that the quantity of yarn produced by the *handloom industry* in India and available for disposal to the handloom *industry* was far short of the requirements of the country, that imports of yarn were necessary in the interest of the handloom industry, that the handloom industry had already an uneven fight to put up against the mill industry, and that the duty on yarn, while doing no good to the mill industry, was harmful to the handloom industry, and that therefore in any recommendation for tariff revision which the Tariff Board might make in the course of this inquiry, the removal of duty on yarn should be included. The letter of the All-India Handloom Board will be found in Appendix V.

9. In the end, the Board summarised the points for discussion *for decision.* at the conference as follows :-

(a) Will a proposal for extension of protection be justified ?

(b) (i) If so, what should be the level of the protective duties and for what period should they remain in force ?

(ii) When should the full inquiry be held to determine the permanent solution ?

(c) If extension of protection is not justified, what revenue duties should replace protective duties ? Should there be any difference in the duties on imports from England and other countries ?

(d) What should be the attitude towards duty, protective or revenue, on yarn, regard being had to the needs of the handloom industry ?

10. Sir Homi Mody presented the case on behalf of the mill industry as a whole. He contended that, although protection today conferred no benefit on the industry and was for all practical purposes ineffective, it also did no harm to the consumer or to any other interest in the country. The industry had earned protection after a long, hard and strenuous struggle and should not be deprived of it without proper inquiry in normal circumstances and in the light of data of domestic costs and foreign prices. He pointed out that, although imports from abroad were small today, it could not be said when they would increase so as to prove a menace to the home industry. He then referred to the present and potential disabilities of the Indian industry, such as, reduction in the hours of work from 54 to 48 hours per week, necessity for rehabilitation and replacement, at a very high cost, of machinery which was overworked in wartime to serve not only the defence requirements of the Allied Nations, but also the needs of the nation, the desirability of sustaining the confidence of new enterprises which were entering into the industrial field under stimulus from Government and in order to make up the deficit in the Indian capacity and the likelihood of imposition of heavy burdens on the industry as a result of the various labour welfare measures which were now being considered by the Central and Provincial Governments. He asked why, if Government continued protection from year to year in war years without any inquiry, should any inquiry be held now and should the necessity of extension be in doubt the conditions prevailing today being no less abnormal than in wartime? The crux of his argument was that protection hurt nobody and should therefore be allowed to continue until a more detailed inquiry could be held under normal conditions. Others who spoke on behalf of the industry said that it was fallacious to think that it had made enormous or unreasonable profits in the war years, or that the profits were such as to enable it to face competition from any quarter at any time without risk to itself. They urged that the reserves which had been set apart in wartime were hardly adequate to meet the expenditure on reorganisation and replacement. It was also said that other countries were fast reverting to normal volumes of production and that a country like Britain was straining every nerve to export every available yard of cloth in order to maintain its standard of living and improve its international balance of account and that in this export drive India might well be concentrated upon. The American prices were high, but the potential for mass production might enable that country also to dump its goods into this country to the detriment of the Indian industry. Doubts were expressed as to whether Japan was really so paralysed as sometimes made out, and it was said that there were signs to show that within a few months Japan's textile industry might be restored to the pre-war potential if permitted to do so by the Allies now in occupation of that country. Sir Homi Mody, the spokesman of the industry at the conference, admitted that on merits the industry could not make out a case for protection, if by merits the Board meant

existence of competition from imports and the relation between domestic costs and foreign prices. He also stated that while he agreed that protection was unnecessary today and might conceivably not be required at all the protection should not be removed unless it could be shown that it was doing harm to any interest, that it was enabling prices to be kept at a higher level, or that it was impeding imports from abroad so urgently required in this country to relieve the cloth shortage. To use his phrase, he asked to let the sleeping dogs lie. Sir Purshotamdas Thakurdas, Chairman of the East India Cotton Association, admitted that there had been in the past many sins of omission and commission on the part of those running the textile industry, but contended that on that account alone Government should not think of taking protection away unless it was proved to be injurious to the industry or to the interests of the country. He went on to observe that political conditions in the international sphere were not yet settled and that it could not be said with any degree of precision as to what would be the future of Japan's textile industry. He did not subscribe to the view that the textile industry had built up such enormous funds during the war that it could now afford to incur losses. His view, therefore, was that until a full-fledged policy was laid down under better and normal conditions, any disturbance made to the existing state of affairs of the Indian cotton textile industry would be styled as wanton disturbance without any justification.

11. The representative who was invited to the conference to speak on behalf of merchants or dealers said that his class was really interested in the availability of goods, Indian or foreign, although naturally they preferred the Indian goods if available. He expressed the view that, even if the industry was retained on the list of protected industries, the protective duties might be kept in abeyance to serve as an inducement to flow of imports from abroad so sorely needed to relieve the state of scarcity of cloth prevailing today in the country.

12. Mr. S. P. Dave, who was invited as a representative of the Ahmedabad Textile Labour Association, expressed the view that while labour was at one with the producers in wishing to strengthen the textile industry in the country to the point of total elimination of foreign cloth, labour felt that the industry had outlived the stage for protection and should be able to exist without protection. He made certain suggestions for improving the working of the textile industry, so as to increase the total output and thereby reduce costs, but they are not being referred to in this report, not being germane to the point under consideration.

13. The consumers' viewpoint was placed at the conference by the Hon'ble Mr. Hossain Imam who represents the consumers on the Textile Control Board. He pointed out that protection was intended to be a temporary measure to enable an industry to establish itself if it was new or to survive foreign competition if it was faced

with competition or dumping, and that the purpose of granting protection to the industry having been served, there was no justification for extension of protection merely to serve as an assurance for the future. He stated that, should the industry be threatened with competition in future, it would still have a right to ask for re-imposition of protection, provided that it made out a case for protection at the inquiry which might then be instituted. He stressed that even if continuance of protection did not have an adverse effect on the prices of textiles, nevertheless the removal of protection would have a salutary effect on the industry which would then have to set its house in order before applying for re-imposition of protection, should that eventuality ever occur in future.

(iv) *Importers' view-point.*

14. A representative of the Bombay Chamber of Commerce, placing the view of the importers before the conference, stated that they were not against the continuance of protection, but felt that the present protective duties should be kept in abeyance in order to quicken the flow of imports from abroad. They were not sure that reduction in or removal of these duties would really result in a substantial increase in imports, this being determined more by the exportable surplus in the other countries than by competitive prices in India. But even so, they felt that the removal of duties might have some effect on the imports and, in any case, it will, by cheapening the cloth to the Indian consumer to the extent of the duty contribute to the general anti-inflationary drive of Government.

Progress of the Indian Cotton Textile Industry.

15. The last Tariff Board inquiry was held in 1935. The report submitted by that Tariff Board gives the progress of the industry up to that time. We have compiled figures to show the progress made by the industry since then, as also since 1939 when the war began. Appendix VI shows the development of the mill industry in so far as mills, spindles, looms, workers, cotton consumed, paid-up capital, etc., are concerned. It will be seen that (1) the total number of mills increased from 364 in August 1935 to 417 in August 1945; (2) the number of mills actually working rose from 336 in 1935 to 412 in 1945; and (3) the average number of hands employed daily in the day shift increased from 414,181 in 1935 to 509,778 in 1945, i.e., by 23.1 per cent. The quantity of cotton consumed gives an idea of the output of cloth and yarn. The quantity increased from 3.1 million bales in 1935 to 3.8 million bales in 1939 and to 4.9 million bales in 1945. Appendix VII and Appendix VIII respectively give details of the quantities of cotton yarn and cloth produced by mills in India, year by year, from 1934-35 to 1945-46. It will be seen from these statements that the total production of yarn by cotton spinning mills in India increased by 30.1 per cent. between 1934-35 and 1938-39 and by 61.3 per cent. between 1934-35 and 1945-46. Similarly, the total production of cloth increased by 25.6 per cent. in 1938-39 and by 37.6 per cent. in 1945-46 as compared with 1934-35. It will also be seen that the maximum production of yarn and cloth was recorded in the year 1943-44, the figures being 1,680

million lbs. of yarn and 4,870 million yards of cloth. Only provisional figures of production for the six months, April-September, 1946, are available. They show that the total quantities of yarn and cloth produced by the mills in India amounted to 685 million lbs. and 2,018 million yards respectively. The fall in production is due partly to some mills running on fewer shifts, partly to disturbed conditions and partly to the fact that the hours of work in the cotton mills have been reduced from 9 to 8 per shift since August 1946. It is estimated that the total quantity of yarn and cloth which will be produced by mills in India for 1946-47 will be approximately 1,350 million lbs. and 4,000 million yards respectively, unless, of course, mills in the meantime endeavour to work additional shifts or obtain larger production by means of rehabilitation of machinery, improvements in material and methods of production and standardisation of qualities. A special effort was made by the industry in war-time to meet the defence and civil requirements which will be evident from the following figures of production and the extent of purchases of cloth and yarn by Government :—

Year. (1)	Total Indian Mill Production.		Purchases by Government.	
	YARN in million lbs. (2)	CLOTH in million yds. (3)	YARN in million lbs. (4)	CLOTH in million yds. (5)
	1,533.7	4,100.3	Nil	1,042.5
1943-44	1,680.5	4,970.7	61.6	591.6
1944-45	1,650.9	4,726.5	28.2	569.9
1945-46	1,614.8	4,675.6	20.7	315.1
1946-47	1,245.0*	3,925.0*	0.8	33.9

*Estimated figures only.

Financially, there is no gainsaying the fact that the industry has emerged in a very strong position after the war. One has only to look at the balance sheets of the textile mills to-day to realise the great changes which have taken place in the condition of the industry between the two Great Wars. The period following the close of the first World War was one of depression when a number of mills were forced into liquidation, being compelled to sell their assets at a fraction of the real value. The position to-day, however, is, happily, quite different. With the profits made during the war years and substantial sums kept aside, either in large reserves or as compulsory deposits with Government, the mills have, in almost all cases, enough finance to fall back upon in case of need. The capital structure of most of the companies has undergone a re-adjustment and on the whole they may be stated to be in a position in which the future can be contemplated with confidence. It should, however, be stated that the trend of earnings is already downward,

with the drop in the defence expenditure and with the increase in the cost of production, following the reduction in working hours, which has caused an increase in overhead charges consequent on the retention of workers' wages for the 48-hour week at the same level as for the 54-hour week and on the reduction of the total quantum of production.

The world position of cotton textiles.

16. In any consideration of a case for protection, the existence of foreign competition and the possibility of imports are the most relevant issues. To understand these factors, it is necessary to appreciate the position of the industry in the world as a whole. Before the war, Japan and the United Kingdom, and to a lesser extent China in so far as cotton yarn is concerned, were the main competitors of India, but the position has undergone a remarkable change as a result of the war. New competitors loom on the horizon, notably the United States. Some of the other countries which are developing the textile industry are Brazil, South Africa, East Africa, Mexico, and Australia. With all this, the present position can be summed up by saying that, while the world's manufacturing capacity in cotton textiles has been seriously impaired as a result of the war, the requirements of cotton goods have enormously increased. Very large portions of the world's surface have been starved of cotton goods during the six war years and there is a huge pent-up demand. Thousands of millions of people have not had for years anything like an adequate supply of clothing and their immediate demands must be met as early as possible if they are to be kept contented. Besides, an appreciable increase in the purchasing power of people has to be taken into account. The aggregate requirements of the world to-day are definitely much more than in the pre-war years. While the clothing needs of the world have thus accumulated, the world's productive capacity has been greatly reduced owing to the damage suffered by the industry on the Continent and in Japan. It is true that the number of spindles and looms in countries like the U. S. A., Britain and India have not suffered any marked damage during the war years and that some of the Latin American countries have slightly raised their productive capacity. It should, however, be noted that both in Britain and in India, much of the textile machinery is old and worn out and is badly in need of renewal and replacement. Further, the production potential of the Continent has been greatly impaired partly as a result of the physical damage suffered by the factories and partly due to the shortage of man-power, coal and transport. Japan, which before the war was responsible for nearly 40 per cent. of the world's total exports, will be out of the export market for many years to come, again because of the difficulties of coal, transport, political dependence, and availability of raw materials; and even when it does enter the export market, it may be assumed that the victorious nations will not permit a reacquisition of the aggressively competitive position which it held in the pre-war years. The establishment of new textile mills and the rehabilitation of the worn-out equipment

may take anything from two to three years if for no other reason than the fact that the machinery for these developments will require to be manufactured, supplied and installed. In the interim, it can be confidently expected that the Indian mills will be kept busy as the world shortage of cloth is an indisputable fact. There is such a shortage of cloth to be met that it will be years before over-production and depression may overtake the world's textile industry. We may now take the different textile producing countries one by one, and rapidly examine the possibility of their becoming a serious competitor to India.

In so far as America is concerned, attention is invited to a (i) *America*, statement made some time back by the President of the American Exporters' Association that, as far as she was concerned any surplus cotton goods which she could turn out will go chiefly to countries like China, the Phillipines, South America, and some of the needy countries in Europe which have for many years been natural markets for American cotton textiles. America has also the problem of adequately feeding the home market where the *per capita* consumption in 1945 was slightly less than the pre-war consumption. America has to reckon with increased labour costs, the wages of labour in the cotton textile industry having already risen by approximately 100 per cent.

In so far as the United Kingdom is concerned, its cotton industry is still far from keeping its place in the ranks of national production, as stated on October 24, 1946, by Sir George Schuster, Chairman of the Cotton Industry Working Party. The supply is still far short of the demand with the result that the authorities have been compelled to distribute the output according to priority claims upon production. In England itself only a limited output of cotton goods has been made available for the civilian population and rationing still continues. In order to improve the national economy, every effort has been made to maintain exports to the highest possible point, but at no period during the year 1946 has it been possible for the authorities to increase the supplies to overseas markets. The man-power problem is still causing difficulties. The following comparative table gives particulars of cotton yarn and cloth exports from U. K. in 1938, 1945 and 1946:— (ii) *United Kingdom*.

	YARN.		CLOTH.	
	Quantity. lbs.	Value. £	Quantity. (in '000) Sq. yds.	Value. £
Three quarters of the year 1938.	92,212,662	7,256,184	1,099,698	23,970,909
Nine months ended 30th September, 1945.	12,255,900	2,178,683	337,071	21,712,180
Nine months ended 30th September, 1946.	14,517,800	2,783,340	386,155	29,659,089

From all indications, it appears that export will be concentrated in Markets such as Argentina which can send to the United Kingdom imports (such as of food) which are badly needed. It has been conceded by knowledgeable quarters in the United Kingdom that the Lancashire industry is no longer the great exporter that it was in 1914 and that its total production is never likely to be much greater than what it was in 1939. "The plain fact is", to quote from a review appearing in the edition of the well-known British weekly "*The Statist*", dated December 28, 1946; "there is little or no hope of real expansion in the supplies of cotton goods for a long time to come. A short while back it did look as if improvement in Lancashire's output combined with a diminution in demands from the Services would result in more clothing coming forward for the civilian consumer. But that hope has been dashed by the reduction in the working week in the cotton industry from 48 hours to 45." At this rate it is going to be a long time before this staple exporting industry is contributing in any large sense to the post-war export drive. The labour force is well below that of the pre-war years and, as already indicated, to build it up is likely, despite improvement in working conditions, to be a long job."

(iii) *Japan.* Japan, the biggest bugbear of the Indian textile industry in pre-war years, has emerged from the war as a defeated nation and with its cotton textile industry at about 25 per cent. of its pre-war capacity. The difficulties in the way of rehabilitation of the Japanese industry are food supply, dispersal of trained workers, coal shortage, disorganisation of transportation, labour outrunning the era of regimentation, scarcity of steel, exchange for purchase of cotton, and loss of political and economic independence. Before the war, the Japanese cotton industry stood fourth in world's spindleage, being exceeded by the United Kingdom, the U. S. A., and Germany (including Austria and Sudeteland). Japan, however, had a large number of textile factories in China and Manchuria having more than 2 million spindles; and if these are included, Japan would rank third, being exceeded by the United Kingdom and the U. S. A. In the consumption of raw cotton, Japan ranked second in the world, being exceeded by the United States only. Similarly, Japan was also the second largest producer of cotton cloth before the war, attaining a peak of 4.2 billion square yards in 1937. Since 1933, Japan has been the largest exporter of cotton piecegoods, exporting on an average about 2.6 billion square yards annually from 1933 to 1939. India was the largest single importer of Japanese cloth importing nearly 500 million square yards per year. These facts show the importance of the Japanese cotton textile industry before the war and enable us to understand the terrible damage suffered by it in wartime. Japan now possesses less than 3 million spindles as compared with nearly 13 million spindles in 1939 (including 2 million spindles in China). Although it is true that

the Japanese textile machinery manufacturing industry has not been damaged to any great extent during the war and machinery manufacturers are confident of being in a position to manufacture at least one million spindles a year, the greatest difficulty in the way of attaining this production is the extreme paucity of steel. Even granting that this obstacle is overcome and Japan is able to produce spindles at the rate of one million per year, it will take at least another eight to ten years before it can reach anything like its pre-war productive capacity. The conclusion to which one is driven is that the Japanese industry will function for some years to come at any rate on a domestic basis and can be ruled out as a serious competitor to the Indian industry.

In so far as *China* is concerned, following the Sino-Japanese (iv) *China* conflict and the world war, its productive capacity has been very considerably affected. The Chinese are not only extremely short of plant but also they are hopelessly short of coarse goods. Orders placed for new textile machinery are not expected to be delivered before 1951. The position, therefore, is that there is no immediate danger of any magnitude from *China*.

17. Appendix IX and Appendix X give details of the imports ^{Import trade} _{in cotton} of cotton yarn and cotton textiles into India from 1934-35 to 1945-46. In so far as cotton yarn is concerned, imports in 1945-46 _{yarn and} _{piecegoods in} _{India} amounted to 124,000 lbs., which came almost wholly from the United Kingdom, as against nearly 41 million lbs. in 1939-40, the bulk of which came from Japan and China. In so far as cotton piecegoods are concerned, imports declined from 944 million yards to 647 million yards between 1934-35 and 1938-39. The fall was wholly in the imports from the United Kingdom, as imports from Japan showed a rise from 374 million yards to 425 million yards. The total imports from all countries amounted in 1945-46 to only 3.2 million yards, of which the United Kingdom's share was 2.6 million yards. The total imports for the five months April-August, 1946, however, amounted to 5.45 million yards, consisting of 2.29 million yards from the United Kingdom, 1.1 million yards from Mexico, 0.8 million yards from Brazil, and 0.5 million yards from the United States. Assuming that imports will be maintained at the levels indicated by the imports in five months April-August, 1946, it is estimated that the total imports of cotton yarn and cotton piece-goods in the whole of 1946-47 would not exceed 150,000 lbs. and 15 million yards, respectively. On the basis of the estimated production of cotton yarn and piecegoods for this year, these imports work out to only 0.01 per cent. and less than 0.4 per cent. respectively, of the domestic output. A close examination of the qualities of cloth recently imported from foreign countries shows that they comprise mainly fine and superfine varieties. The main items worthy of mention are bleached and dyed poplin, printed goods, bleached satin and drill, mulls, voiles, organdies and twills.

Some of these high-grade goods, like organdies, are not being manufactured by Indian mills at all.

*Insufficiency
of Indian
production.*

18. A reference to the Report of the Post-war Planning Committee (Textiles), 1946, the main conclusions of which have been approved by Government in the Department of Industries and Supplies Resolution No. 205-T(A)/45, dated the 4th May, 1946 (vide Appendix XI) shows that the minimum expansion which the Indian mill industry is called upon to undertake is for a production of 1,700 million yards, although both the Planning Committee and the Government say that they would have preferred a greater expansion if it was possible to get the necessary textile machinery for such a higher target. Since then, as a result of the reduction in the working hours there has been a fall in the production of the Indian industry which may amount to some 300 million yards. The projected expansion is not likely to materialise for a number of years, and to that extent the country can stand the import of this quantity of cloth, i.e., 2,000 million yards of cloth per year. There is, however, as shown in the preceding paragraphs, no possibility of importing more than a fraction of the deficit, indicating thereby the complete absence of competition between the Indian industry and the textile industry of other countries.

*Comparison
of prices of
imported and
indigenous
cotton tex-
tiles.*

19. Even if it be shown that there is a real threat of import of cotton textiles from abroad, the industry could not have made out a case for protection, unless it was shown at the same time that the prices of imported goods were lower than prices of comparable goods made in the country. In view of the paucity of imports, it is not possible to make any detailed comparison between prices of imports and indigenous textiles so as to be of any great value, but even so, whatever information is available points to the conclusion that the indigenous products have nothing to fear from imported goods even in the matter of price. Appendix XII gives figures of Indian and U. K. prices of comparable goods of the types which are being generally imported into India at present. The types of cloth selected for purposes of comparison are fair standard qualities accepted by the Economic and Social Sub-Committee of the International Labour Office and the figures given relate to November, 1946. The table also gives three more qualities in respect of which information is available. It will be seen from a study of the figures in this table that the ex-mill ceiling prices per yard in India of qualities made from coarse and medium counts of yarn and even of qualities similar to item No. 5 manufactured from Indian cotton are 64 to 93 per cent. of the ex-mill ceiling prices prevailing in the United Kingdom, for the same qualities. In the case of fine and superfine qualities, the ex-mill ceiling prices per yard in India represent 104 to 127 per cent. of the ex-mill ceiling prices for the same qualities manufactured in the United Kingdom. Even in respect of these fine and superfine qualities, the disparity will be reduced to some extent when cost of insurance and freight is added, and landed costs in India instead of

ex-mill prices in U. K. are taken for purposes of comparison. The reason for the higher prices in India for the fine and superfine cloth are : (i) import duty of 2 annas per lb. paid by Indian mills for imported cotton required to be used in such types of cloth and (ii) higher prices of cotton paid by Indian mills for such cotton as compared with the controlled prices at which it is released to the United Kingdom industry by the Cotton Board. The Government of India have already accepted in principle the desirability of reduction in the duty on imported cotton (*vide* paragraph 6 of the Resolution of the Department of Industries and Supplies dated the 4th May 1946). A similar position is indicated by the comparative prices of yarn in India and in the United Kingdom. The industry contended that price comparisons on the above basis should not be the criterion by which one should proceed to look at this problem since there was much difference in the ex-mill prices in England and the prices for export purposes, the United Kingdom industry being subsidised in one form or other. We are not aware of the extent of the subsidies referred to by the industry, but the fact is clear that there is a very strict control over the ex-mill prices to the civil consumer in the United Kingdom. It cannot be a fact that these prices have in any way been kept higher than the prices at which exports are permitted within the destinational export quota. It will be safe to conclude, therefore, that there is little prospect of the United Kingdom products being put on the Indian market in appreciable quantities in competition with the indigenous industry unless unfair means are employed against which the country can always protect itself if those practices are brought to notice and proved by the industry.

20. It was argued by the representatives of the industry that *Effect of production, prices, and distribution of cotton cloth and yarn were controlled on protection.* fully controlled by Government at present and that, so long as this position continued, there was no chance of the prices being raised by the industry, taking advantage of the shelter of protection. The argument of the effect of control on the necessity or otherwise of protection cuts both ways. If control prevents the protected industry from putting up prices to an unreasonable level, it also affords security to the industry, rendering protection by means of protective duties unnecessary. There is at present control on both indigenous and imported cotton textiles. The prices of all imported cotton textiles are fixed by Provincial Textile Controllers who have the power to fix the price of any imported item at a level higher than would be justified by the landed cost, if the fixation of such a higher price is considered necessary on the basis of a price comparison with indigenous goods of similar quality. Moreover, control in practice assures offtake at a price which leaves a reasonable margin of profit to the producer and, that being so, the industry enjoys virtual protection. In fact, on a balancing of the effects of control on the necessity or otherwise of protection it seems to the Board

that, so long as control continues, there is no case for protection at all. When the control is lifted—and there is no evidence of that yet—the position of the industry would be still better, unless, in the meantime, the productive capacity is developed so as to wipe out the gap between supply and demand, which is impossible in the near future. We have, therefore, come to the conclusion that the presence or absence of control has little bearing on the necessity or otherwise of protection so long as the present conditions continue and that today at any rate the existence of control cannot support the industry's demand for continuance of protection.

*De-protect.
tion and re.
protection.*

21. When the industry could not make out a case for extension of protection, it may be said that it should have agreed to a suggestion, tentatively thrown out by the Board for consideration by the industry, of de-protection with an assurance of re-imposition of protection, should the industry be threatened with competition ever in the future. The reaction of the industry was, however, unfavourable to this suggestion. The reasons advanced by the industry can be summed up in the fear that, once de-protected, it would be extremely difficult to have it re-protected. This fear was said to be founded on the fact that in the past the industry had failed for a long time to get a fair deal from government in the matter of tariff assistance, and that even ultimately when tariff protection was given by government, it came after a period of long hesitation and delay, and that too in grudging and successive doses. In our opinion, these fears are groundless in the context of today. In the first place, Government has repeatedly declared its determination to intensify and expedite industrial development of the country and to give all possible assistance for that purpose. As an earnest of that policy may be cited the fact that only during the last five weeks Government announced its decision to protect six small industries started in wartime. The cases of a large number of industries have been referred to the Tariff Board for investigation with the direction that reports should be submitted as soon as possible in order that action may be taken before any harm ensues to these industries. If that is the position in regard to small industries, there should be no apprehension whatsoever that the needs of a major industry, like the cotton textile industry, would be ignored or neglected by any government now likely to come into office. Secondly, tariff inquiries in the case of an industry whose conditions have been investigated thoroughly for a number of times in the past should not take long time, particularly when the industry is able to represent its case promptly and adequately as all organised large industries are expected to do. Though an industry once established on a strong footing under the stimulus of protection should not normally require to be re-protected at a later stage, there may be special circumstances when re-imposition of protection may be called for and justified. Thus, for instance, when rapid technological changes are taking place in the manufacturing processes in foreign

countries, the home industry may be unable, for reasons beyond its control, to re-organise itself as rapidly as its competitors. In such a case, there will obviously be justification for temporary protection. Further, an old industry may be faced with abnormal difficulties owing to changes in demand and consequent maladjustment, or owing to political and industrial unrest when it may require to be protected against foreign competition for a short period to enable it to pass through the necessary transition without damage or impairment. An industry may also have to be protected when there is a recurrence of unfair or unequal competition from abroad. Re-imposition of protection may also be necessary when an industry is in the midst of depression due to world-wide causes. We, therefore, feel that if the industry is de-protected, there should be a definite statement on the part of Government that they would not hesitate to reimpose protection should circumstances justify such a course and that any request received from the industry for protection would be promptly and sympathetically dealt with not only for the sake of the industry but also in the wider national interest. We have referred to this point at some length as we felt that at the conference the industry was reluctant to part with protection not because it was necessary in the conditions of today, but because the industry genuinely entertained the apprehension that, if it was once de-protected, it would have to face the same struggle for protection which it experienced in the period previous to 1927. It was because of this very fear that the industry was prepared, we think, to agree to keeping the protective duties in abeyance, while allowing the industry to remain on the list of protected industries. That would have given the industry the name but not the substance of protection, as against the proposal of de-protection and re-imposition of revenue duties at the level not below the protective duties which would have given the substance, though not the name, of protection.

22. It was contended on behalf of the industry that during the war years its machinery had been worked to death and that it was hoped that, as soon as the war was over, it would be possible to proceed with plans for its immediate rehabilitation and re-equipment. It was admitted that the war had contributed to a strengthening of the financial position of the industry in so far as the accumulation of reserves was concerned. At the same time, a strong plea was put forward that these reserves were not sufficient enough to re-equip the whole of the industry. The industry was, therefore, opposed to any removal of protection at the present stage as, in its opinion, the reserves created should not be frittered away in meeting any competition arising out of the removal of the duty. While we appreciate the force of the contention advanced by the industry, we note that the industry itself admits its inability to proceed with complete rehabilitation and re-equipment during the next few years at any rate. There is also no question of the reserves being frittered away to meet any loss in

the absence of any competition. It is stated that the industry has been assured an allocation of 3 lakhs spindles per year from the U.K., but even then, according to the recommendations of the Postwar Planning Committee (Textiles) these spindles would in the first place go towards the establishment of new mills. We do not, therefore, accept the contention that the removal of the duty will in any way retard the industry's plan for rehabilitation and re-equipment. As a matter of fact, in our opinion, deprotection will give an impetus to the industry to persist with its replacement programme at least in order to keep pace with the industrial advances planned by other countries. This will no doubt increase the productive efficiency of the mills thereby placing the industry in a better position to effectively combat future competition.

Demand for protection not substantiated.

23. We have indicated in paragraph 4 above the broad principles on which the demand for continuance of protection must be substantiated. The first pre-requisite for protection is that there must be competition from which the industry needs and demands protection. We have shown in paragraphs 16 and 17 above that in the conditions of today and in the conditions likely to obtain in the near future, there is not only no competition from abroad, but on the other hand, the country would welcome increased imports to relieve the cloth shortage which has necessitated continuance of control on the cotton industry and of drastic rationing in the country resulting in a certain amount of blackmarketing which everyone abhors. We have shown that the world position of the cotton textile industry is such that there is very little possibility in the near future of any textile producing country sending cloth to this country in such quantities as to compel the indigenous industry to curtail its production or to produce at unremunerative prices. We have also shown that such imports as are likely to come, grossly inadequate as they are, will be at prices above the ex-mill prices of the indigenous products of comparable quality. These imports at higher prices find a ready market in the country mainly because of the scarcity conditions. While there is a tendency for a rise in the cost of production in this country, there is no reason to believe that similar difficulties are not facing the other countries, but even if it does not prevail in regard to cost of production compared with the other countries, there will be no detriment to the industry so long as the volume of imports did not assume menacing proportions. The demand for protection is thus not warranted by economic considerations. The reluctance to part with protection, once secured, can be understood, but when it is not justified by facts and figures, its continuance cannot be recommended by this Board. The Board cannot also lend support to the argument of the industry that protection should be continued for psychological or sentimental reasons, or, taking into consideration the difficulty of reimposing protection when it becomes necessary. We have shown in the preceding paragraphs

that there is no inherent difficulty in proving the case for protection in future and that there is no reason why a major industry like the cotton textile manufacturing industry should not get what smaller industries can get after making out a reasoned case for State assistance and protection. The fact that for proving the case for protection the industry will have to go before the Legislature and before the bar of public opinion is, in our opinion, a healthy point, the value of which cannot be ignored in the context of today's conditions. The existence of abnormal conditions on which so much stress is laid by the industry is by itself not a factor justifying protection. If that were so, there would be no need to order a tariff inquiry into any industry and merely on the proof of the existence of abnormal conditions in the country, every industry would have to be protected. The fact that a tariff inquiry is ordered in the case of every industry applying for protection shows that the mere existence of abnormal conditions is not regarded as a condition warranting the grant of protection unless the need for it is proved. It may be contended that it is inappropriate to compare the cotton textile industry with other industries for the reason that the cotton textile industry is already protected while the others are only now seeking protection. To this our answer is that the protection accorded to the cotton textile industry automatically ceases on March 31, 1947, unless the need for continuance of protection is proved by the industry. As a matter of fact, Government in 1946 promised on the floor of the Legislative Assembly that protection will not be continued further without an inquiry. In the conference a reference was made to the fact that in wartime extension of protection was automatically granted, implying that because similar conditions prevail to-day, extension should now be granted without inquiry. The Board is not impressed with the soundness of this view. War-time conditions were different from those prevailing to-day, although they are all abnormal circumstances. In any case, an inquiry has been ordered and the industry has to justify the case for protection on strictly economic considerations. We have also shown that control by itself has nothing to do with the necessity or otherwise of protection and that, if anything, the existence of control weakens the case for protection. The fact that the industry was prepared to accept continuance of protection but abeyance of protective duties shows that protection is not necessary and is valued more as a sentiment than as an economic necessity. For all these reasons, we have come to the conclusion that the industry has failed to substantiate its demand for extension of protection when the existing protective duties expire on March 31, 1947. We accordingly recommend that the duties may be allowed to expire, though, of course, there is no reason why they should not be replaced by such revenue duties as may be imposed by Government on considerations governing the imposition and quantum of revenue duties. Any declaration of expiry of protection should be accompanied by a

definite and categorical announcement that de-protection does not signify any weakening in the interest of Government in the well being and integrity of the cotton textile manufacturing industry, which is the premier industry of the country, that Government will carefully watch the effect of deprotection, and that Government will not hesitate to order a fresh tariff inquiry with a view to re-imposition of protection, if the volume of imports assumes menacing proportions, or if the price of imports should be such as to undercut the indigenous industry, or if the industry itself makes an application for examination of its case for protection. We go a step further and recommend that a tariff inquiry should be definitely guaranteed to the industry as soon as imports from abroad exceed, for three months running, a monthly average of 25 million yards of cloth—unless, of course, the request for inquiry is received earlier from the industry. We have suggested this limit of 25 million yards per month after due consideration. A monthly average of 25 million yards means an annual import of 300 million yards. That limit is a little less than half the average annual imports from abroad before the war, but it roughly represents the imports of cotton piecegoods from the United Kingdom which will now be the principal source of supply of cotton textiles to this country. The figure of 300 million yards of cloth is less than one-thirteenth of the total mill production of all cotton textiles, and a little over two-fifths of the total mill production of fine and super fine cotton textiles in the country, and cannot, therefore, be said to be so high as to result in damage to the industry or to any section of the industry though it may be indicative of the potential threat to the industry as a whole or to one of its sections. In any case, there is still the provision that the industry can ask for a tariff inquiry earlier if it feels the pinch of competition even before the imports reach the dimensions named by us.

Relative merits of the four alternatives.

24. We mentioned in paragraph 7, four possible alternatives in which the problem set to us could possibly be resolved. Here we shall briefly indicate the points for and against these alternatives and show why we have preferred the course suggested in the previous paragraph. The first alternative was maintenance of *status quo*, *i.e.*, continuance of protection and the protective duties for a period of two or three years, subject to a tariff inquiry before the expiry of the said period. We have shown that, as the industry could not prove its case for protection, maintenance of *status quo* could not be supported by us. The second alternative was maintenance of protection, but keeping the protective duties in abeyance, until competition becomes serious and a fresh tariff enquiry is held. We have not been able to support this course for two reasons. Firstly, for maintenance of protection, the industry must prove the need for protection, which, as pointed out above, it has failed to do. Secondly, keeping the protective duties in abeyance would, without conferring any benefit on the industry, have involved the

State in a loss of revenue of something like Rs. 52 lakhs, based on a calculation of annual import of cotton textiles of 15 million yards. Appendix XIII shows how this figure has been arrived at. The amount is relatively small, but there is no reason why it should be sacrificed without any corresponding gain or advantage. The only benefit it might possibly confer would be reduction to the extent of the duty in the prices of imported cloth. That would benefit the consumer of imported cloth which is largely confined to fine types. In any case, persons who use foreign cloth may be presumed to be able to bear the burden, and the loss of revenue to the State would have amounted to the general taxpayer subsidising the user of foreign and fine cloth. We have also explained that sale of foreign cloth at a slightly reduced price because of the removal of duty will not increase the flow of imports into the country which might otherwise have been a justifiable *quid pro quo* for loss of revenue. The lower price at which the foreign cloth may be sold in the market if the duty were removed would not be an important contribution to the anti-inflationary drive. The third alternative that was considered was de-protection and imposition of such revenue duties as may be decided upon by Government. The recommendation made by us in the preceding paragraph conforms to this view, except that we have attached a further condition regarding compulsory institution of a tariff inquiry in the event of imports exceeding a particular level. The fourth alternative that we considered was de-protection but conversion of protective duties into revenue duties at a level not below that of the protective duties for a period of two years, after which they may be varied to suit the exigencies of the budget. This alternative was devised as a compromise between immediate and unconditional de-protection on the one hand and the maintenance of the *status quo* on the other. Revenue duties are imposed purely on budgetary considerations and are not co-related to competition between domestic costs and foreign prices. But we felt that, if the industry was de-protected, with a promise of retention, for a cushion period of two years, of the existing level of duties, it would have the substance of protection without the name of protection, but that after two years the duties might be varied without reference to the competitive position of the industry. We have ourselves not preferred the fourth alternative, as, on further consideration, we felt that it was not for us to suggest any particular level of revenue duties, they being determined by budgetary considerations which are beyond our purview and not being related to the requirements of the industry which alone could be considered by us. We had, however, included this solution in the list of alternatives in order to see if with the attraction of this clause the agreement of the industry could be obtained to the course of de-protection, the consent of the industry being regarded as a valuable supporting factor for the apparently drastic course involved in the recommendation for de-protection.

*Duty on
Yarn.*

25. In so far as the yarn position is concerned, the industry contended that, whatever arguments applied for the continuation of the protective duties on cloth would also apply with greater force to yarn, particularly because in the two previous Tariff Board inquiries yarn had been treated with a step-motherly attitude. It was further pointed out that during the period of the war, especially during the latter half, if the mill industry had prospered, the handloom industry had also prospered to a greater degree for lack of control over handloom products. We confess that we do not see the force of the objection of the industry to the removal of the duty on yarn. It appears that the handloom industry has been handicapped because of the subsidiary position which it has occupied in relation to the textile mills, particularly by reason of the fact that it is dependent for its supply of raw material—which in this case is yarn—on the production of the Indian mills. It is submitted that the cotton mill industry as constituted today is not able to meet the full requirements of the handloom industry. It is agreed that the import duty on yarn is doing no good to the Indian mill industry, while its existence imposes some hardship on the handloom industry. We, therefore, recommend that the duty on yarn, protective or revenue, should go, although the actual benefit of this concession to the handloom industry would be very small so long as imports do not grow for want of surplus yarn in the exporting countries. It was suggested that even if it was decided to remove the duty on yarn, an exception should be made in the case of yarns above 40s counts as these are spun by Indian mills mostly from imported cotton on which a duty of 0-2-0 (two annas) per lb. is at present levied. It is estimated that the incidence of the duty on imported cotton on the cost of yarn is not more than 3 per cent. In view of this and the possibility of the removal of the cotton duty as stated by Government in their Resolution (Appendix XI), we do not think that any exception would be warranted. The handloom industry is the premier subsidiary industry in the country and deserves to be assisted by every measure which can be devised without detriment to the organised mill industry. It will be open to the cotton mill industry to ask for reimposition of the duty on yarn when the volume and prices of imported yarn become a menace to its spinning section. The removal of duty on yarn will be of direct assistance to the handloom industry on which millions depend in the country, resort to handlooms being the chief secondary occupation of the agriculturists.

26. A suggestion was made at the conference by Mr. Ambalal *Individual suggestions* Sarabhai, a leading millowner of Ahmedabad, that while protection should remain nominally, the protective duties on coarse and medium cloth (below 36's count) should be kept in abeyance and the duty on higher counts should be co-related to the duty on Egyptian and African cotton which is used for the production of cloth of 36's count and above. Mr. Ambalal also proposed a scheme by which, although the industry will be kept on the protected list, the existing protective duties will be kept in abeyance to the extent of the quantity of cotton piecegoods imports required to meet the gap between the total quantum required on the basis of 17 yards per head of the population and the total Indian mill production; if however, the Indian mill production steps up, to the extent of that increase, the total quantity of cotton piecegoods to be imported from abroad duty free should be reduced. He further proposed that imports should only be permitted through Government agency or by authorised importers under Government instructions and supervision. We have not gone into these proposals in detail, in view of our general conclusion that the industry has failed to substantiate its case for continuance of protection. As for revenue duties, there is no reason why they should not be levied on all imports of cotton piecegoods, medium, coarse, fine, or superfine.

27. Any inquiry into the question of continuance or otherwise *Artificial* of protection required by the cotton mill industry *will not be* *silk yarn, artificial* complete without an examination of the effects on the industry of *silk, and* the imports of artificial silk yarn and fabrics of artificial silk or of *cotton and* *artificial* mixture fabrics of cotton and artificial silk. *Artificial silk yarns* *silk mix-* *ture fabrics* are not produced in India, but their importation is of considerable importance to the development not only of artificial silk fabrics and mixtures but of competing dyed and fancy cotton piecegoods. The only figures of piecegoods production available are those contained in the statement in Appendix VIII, which show that the Indian production of cotton piecegoods mixed with silk or wool amounted to 0.1 million lbs. in the year 1945-46 as against 3.8 million lbs. in the year 1934-35. Artificial silk yarns are used by mills for borders and stripes in cotton piecegoods. But the hand-loom weavers are by far the largest consumers, the estimated consumption by the handloom industry being approximately 85 per cent. of the total imports. The following statement gives the total quantities of artificial silk yarn, 100 per cent. artificial silk

piecegoods, and cotton and artificial silk mixture piecegoods, imported into British India since 1934-35:—

*Statement showing the total imports into British India.
('000s omitted)*

Year.	Total imports of artificial silk yarn.	lbs.	Total imports of 100% artificial silk piecegoods.	Yards.	Total imports of cotton and artificial silk mixture piecegoods.	Yards.
1934-35	..	16,615	67,601	12,954		
1935-36	..	14,911	74,491	8,257		
1936-37	..	17,629	102,319	11,887		
1937-38	..	31,589	89,695	16,079		
1938-39	..	17,248	28,593	5,049		
1939-40	..	30,794	54,320	5,049		
1940-41	..	33,889	53,456	5,821		
1941-42	..	19,719	27,729	2,836		
1942-43	..	201	1,124	196		
1943-44	..	216	131	15		
1944-45	..	930	430	30		
1945-46	..	1,790	2,941	417		

It will be noted from the above that since the cessation of hostilities imports of these categories into India have shown an upward tendency. These imports have come mainly from the U.S.A. and the United Kingdom. Before the war Japan was the chief importer of artificial silk of all kinds into India, and the United States came second, the United Kingdom's share being not very appreciable. It has not been possible for us to obtain comparative samples of such piecegoods, imported and indigenous. In any case, since the imports form only a very negligible portion of the Indian mill production of all cloth, we are of opinion that our recommendations in respect of the protective duties on cloth should apply to artificial silk and cotton and artificial silk mixture fabrics.

28. The industry was asked whether it had any particular view *Imperial preference* to express on the question of retention of differential duties on cotton yarn and cloth, whether protective or revenue. The industry replied that, as it asked for maintenance of *status quo*, it did not suggest any modification in the existing scales of differential duties which gave preference to imports of cotton textile goods of British manufacture. The view expressed by Mr. Hossain Imam as a representative of consumers was that differential duties should be done away with and that there should be the same duty on all imports, whether of British or non-British manufacture, and that the policy of Government should be to adopt the lower of the existing scales. As we have recommended the withdrawal of protection and imposition of revenue duties in place of protective duties, the question of imperial preference will have to be considered. We have gone through the terms of the Indo-British Trade Agreement, 1939, and find that it contains no provision by which India is obliged to grant Britain preferential treatment in the matter of imports of cotton textiles and cotton yarn. The 1939 Agreement specifically provides for the granting of preference in the matter of fents of all descriptions. From this it would seem that no preference in favour of Britain is contemplated in so far as cotton piecegoods and cotton yarn are concerned. We are not ourselves familiar with any other treaty obligations of the Government of India. On the other hand, the history of the protective duties on Indian cotton yarn and piecegoods would indicate that what the United Kingdom obtained under the successive Cotton Textile Industry (Protection) Acts was not benefit of preferential duties as such, but that of differential or discriminating duties, the higher duties being imposed on foreign cotton manufactures mainly due to the comparatively low prices of imports from Japan. Since Japan is now out of the picture, there would seem to be no justification for the levy of the higher scale of duties on imports from countries other than the United Kingdom. We, therefore, recommend that there should be only one scale of duty and that should be the lower of the two existing scales.

29. In Appendix XIV we have shown the comparative position *Proposed Tariff changes* of the existing rates of protective duties on cotton textiles and the duties as they will be if our recommendations are accepted. These proposed duties are based on the assumption that the lower of the two scales would be adopted as revenue-duties.

30. Our conclusions and recommendations are summed up *Summary of conclusions and recommendations* as under :—

(1) With the profits made during the war years and substantial sums set aside either in large reserves or as compulsory deposits with Government, there is no gainsaying the fact that financially the industry has emerged in a very strong position after the war (Paragraph 15).

(2) While the world's manufacturing capacity in cotton textiles has been seriously impaired as a result of the war, the requirements of cotton goods have enormously increased. The world position of the cotton textile industry is such that there is little prospect in the near future of any textile producing country sending cloth to this country in such quantities as to compel the indigenous industry to curtail its production or to produce at unremunerative prices. (Paragraph 16).

(3) The total quantity of yarn and cloth expected to be produced by mills in India in 1946-47 will be approximately 1,350 million lbs. and 4,000 million yards, respectively, unless of course, the mills endeavour to work additional shifts or obtain larger production by means of rehabilitation of machinery, improvement in material and methods of production and standardisation of qualities. (Paragraph 15).

(4) The total imports of cotton yarn and cotton piccegoods during the whole of the year 1946-47 are not expected to exceed 1,50,000 lbs. and 15 million yards, respectively. (Paragraph 17).

(5) The projected expansion of the Indian industry is not likely to materialise for a number of years, till when the country can stand the import of 2,000 million yards of cloth per year, which represents the present gap between estimated consumption and production of mill and handloom cloth. (Paragraph 18).

(6) There is no possibility of importing more than a fraction of the deficit, indicating thereby complete absence of competition between the Indian industry and the textile industry of other countries. (Paragraph 18).

(7) There is little prospect of the United Kingdom products being put on the Indian market in appreciable quantities in competition with the indigenous industry, unless unfair means are employed against which the country can always protect itself if these practices are brought to notice and proved by the industry. (Paragraph 19).

(8) The presence or absence of control has little bearing on the necessity or otherwise of protection so long as the present conditions continuo. Control in practice assures offtake at a price which means a reasonable margin of profit to the producer; and that being so, the industry enjoys virtual protection. (Paragraph 20).

(9) De-protection will not in any way retard the industry's plans for rehabilitation and re-equipment. As a matter of fact, deprotection will give an impetus to the industry to persist with its replacement programme in order to keep pace with the industrial advances planned by other countries. (Paragraph 22).

(10) The demand for continuance of protection is not warranted by economic considerations. (Paragraph 23).

(11) The argument of the industry that protection should be continued for psychological or sentimental reasons or taking into

consideration the difficulty of reimposing protection when it becomes necessary cannot be supported. There is no inherent difficulty in proving the case for protection in the future, and there is no reason why a major industry like the cotton textile manufacturing industry should not get what smaller industries can get after making out a reasoned case for State assistance and protection. (Paragraph 23).

(12) The existence of abnormal conditions is by itself not a factor justifying protection. If that were so, there would be no need to order a tariff inquiry into any industry; and merely on the proof of the existence of abnormal conditions in the country every industry would have to be protected. (Paragraph 23).

(13) The fact that the industry was prepared to accept continuance of protection but abeyance of protective duties shows that protection is not necessary and is valued more as a sentiment than as an economic necessity. (Paragraph 23).

(14) The industry has failed to substantiate its demand for extension of protection when the existing protective duties expire on March 31, 1947. (Paragraph 23).

(15) The protective duties may be allowed to expire, to be replaced, however, by such revenue duties on cotton textiles as may be imposed on budgetary considerations. (Paragraph 23).

(16) Any declaration of expiry of protection should be accompanied by a definite and categorical announcement that deprotection does not signify any weakening in the interest of Government in the well-being and integrity of the cotton textile manufacturing industry which is the premier industry of the country. A tariff inquiry should definitely be guaranteed to the industry as soon as imports of cotton piecesgoods exceed, for three months' running, a monthly average of 25 million yards, unless the industry itself asks for a tariff inquiry earlier, in order to determine whether the volume and prices of imports affect the position and integrity of the Indian industry so as to call for reimposition of protection at levels which may be disclosed as necessary during that inquiry. (Paragraph 23).

(17) The handloom industry has not been having a fair deal because of its subservient position in relation to the textile mills, particularly by reason of the fact that it is dependent for its supply of raw material on the production of Indian mills. (Paragraph 25).

(18) The import duty on yarn is doing no good to the Indian mill industry, while its existence imposes some hardship on the handloom industry. (Paragraph 25).

(19) There should be no duty on yarn, protective or revenue. (Paragraph 25).

(20) It will be open to the industry to ask for reimposition of the duty on yarn when the volume and prices of imported yarn become a menace to the spinning section of the cotton mill industry. (Paragraph 25).

(21) The recommendations in regard to duties on cotton textiles should apply to the imports of artificial silk and cotton and artificial silk mixture fabrics. (Paragraph 27).

(22) There should be only one scale of duties and that should be the lower of the two existing scales. (Paragraph 28).

Acknowledgments.

31. The Board wishes to express its thanks to Rao Sahib Srinivasan who joined it as Technical Adviser at short notice, who compiled data necessary for a correct appraisement of the issues involved in the case and who gave very valuable assistance and advice throughout the inquiry. The Board is grateful to Mr. Krishnaraj M. D. Thackeray, Chairman of the Textile Control Board, for having spared the services of Rao Sahib Srinivasan at great personal inconvenience to himself. The Board's thanks are due to Sir Frederick Stones for the valuable technical advice given by him in the course of the inquiry. The Board has also to thank Rai Sahib Aggarwal and Dr. Rama Varma, Deputy Secretary and Assistant Secretary respectively, for supervising the inquiry in all its stages. The Board is grateful to the different millowners' associations, individuals and other representatives who accepted its invitation to attend the conference and who frankly and freely gave their assistance and advice in a complicated task to enable it to be put through in record time.



C. C. DESAI,
Member-Secretary.

NAZIR AHMAD,
Member.

H. L. DEY,
Member.

BOMBAY :
31st January, 1947.

APPENDIX I.

(Vide PARAGRAPH I).

No. 134-T (36)/46.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

New Delhi, the 19th December 1946.

FROM

B. N. BANERJI, Esq., M.B.E.,

Deputy Secretary to the Government of India.

To

THE MEMBER-SECRETARY,

Indian Tariff Board,

Caltex House, Ballard Estate,

Bombay.

Sir,

I am directed to address you on the question of continuance of protection to certain old established industries and particularly the sugar, paper and wood pulp, cotton textile manufacturing, and iron and steel manufacturing industries which had been granted tariff protection on the basis of recommendations made by previous Tariff Boards. As you are no doubt aware, the period for which protections had been granted to these industries was due to expire during the early years of the war, but had to be extended from time to time, and the last extension agreed to by the Legislature is due to expire on the 31st March 1947. Government have, therefore, to decide urgently as to their future course of action in respect of continuation of protection to these industries beyond the 31st March 1947 so that the necessary legislation could be undertaken during the forthcoming Budget Session of the Indian Legislature.

2. The most suitable method of coming to a decision on this question would undoubtedly be to request the Tariff Board to investigate the claims of these industries to continued enjoyment of protection at the existing, or at a reduced or enhanced scale. The Government of India are advised, however, that many of the economic uncertainties which made it impossible to conduct such an enquiry during the war are still continuing, and they are therefore considering whether any alternative method could be found for evaluating in a summary manner, and pending a full-dress tariff investigation which has to be postponed to a later date, the necessity or otherwise of continuing the existing measures of protection afforded to these industries beyond the 31st March 1947. While the Government of India consider that there is a good deal of force in the argument that conditions have not yet sufficiently returned to normal for a reasonably accurate appraisement of domestic cost and foreign prices, they feel at the same time that many of the already protected industries have reached a stage where the continuance of protection at the existing level merely results in the grant of an excessive margin of profit to the manufacturing interests at the direct expense of the consumer.

3. I am therefore to request you to be so good as to place this matter before the Tariff Board and let Government have their advice as to what would be the best method of proceeding further in this matter. In making their recommendations, the Board will no doubt bear in mind the interests both of the manufacturers and the consumers and will therefore consider the advisability of having a summary discussion with the representatives of the

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industries mentioned earlier in the letter and other interested parties. As a decision has to be taken well before the commencement of the Budget Session in order to enable Government to introduce the necessary legislative measures in time, it will be greatly appreciated if the Board could forward their considered opinion as regards the degree of protection to be continued to these four industries, by the end of January, although this may involve some delay in completing the Board's programme relative to the wartime industries.

I have the honour to be,

SIR,

Your most obedient servant,

18th December 1946.

(Sd.) B. N. BANERJI,
Deputy Secretary to the Government of India.



सत्यमेव जयते

APPENDIX II.

(See PARAGRAPH 1).

No. 28-T (6)/46.

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

New Delhi, the 20th January 1947.

RESOLUTION.

Tariffs.

No. 28-T(6)/46.—In their Resolution in the Department of Commerce No. 218-T(55)/45, dated the 3rd November 1945, the Government of India announced the setting up of a Tariff Board to investigate claims for assistance or protection received from industries which have been started or developed in war time.

2. Government have also under consideration the question of continuance of protection to certain industries which were established before the war and were granted tariff protection on the basis of recommendations made by previous Tariff Boards. They have decided to request the Tariff Board, set up under the Resolution referred to in the preceding paragraph, to investigate and advise them with regard to the claims of such industries.

3. Government recognise that, in the present abnormal conditions, it would not be possible to formulate a long term tariff policy in respect of the well established industries. The Tariff Board is accordingly requested to hold summary inquiries and advise Government whether, in present circumstances, protection at the existing or at a different scale should be granted for a further year after the 31st March 1947 to the following industries:—

- (1) Sugar;
- (2) Paper and wood pulp;
- (3) Cotton Textiles;
- (4) Iron and Steel.

(Sd.) N. R. PILLAI,
Secretary to the Government of India.

नवराष्ट्र निधन

APPENDIX III.

(Vide PARAGRAPH 2).

List of the names of the Millowners' Associations and Other Bodies invited to attend the Cotton Textiles Conference.

I. PRODUCERS.

1. Ahmedabad Millowners' Association, Lal Darwaja, P. O. Box 7, Ahmedabad.
2. Bengal Millowners' Association, 2, Church Lane, Calcutta.
3. C. P. & Berar Millowners' Association, Nagpur.
4. Federation of Baroda State Mills & Industries, Baroda.
5. Indore Millowners' Association, Indore, (C. I.).
6. Kathiawar Millowners' Association, Wadhwan Camp.
7. Millowners' Association, Patel House, Churchgate Street, Bombay.
8. Southern India Millowners' Association, Vyayal Street, Coimbatore.
9. Upper India Chamber of Commerce, Cawnpore.

II. IMPORTERS.

1. Bombay Chamber of Commerce, Mackinnon Mackenzie Building, Ballard Estate, Bombay.

III. INDIVIDUALS.

1. Mr. Krishnaraj M. D. Thackersey, Sir Vitthaldas Chambers, 16, Apollo Street, Fort, Bombay.
2. Sir Shri Ram, 22 Curzon Road, New Delhi.
3. Sir Fredrick Stones, Bombay Club, Marine Drive, Bombay.
4. Sir Ness Wadia, Bella Vista, Pedar Road, Bombay.
5. Mr. Kasturbhai Lalbhai, The Aravind Mills, Ltd., P. O. Box No. 56, Ahmedabad.
6. Mr. B. W. Batchelor, M/s Binny & Co., (Madras), Ltd., Armenian St., Box No. 66, Madras.
7. The Hon'ble Mr. Hossain Imam, Hasnain Mansil, Gaya.
8. Sir Purshotamdas Thakurdas, Navasari Chambers, Outram Road, Bombay.
9. Mr. Ambalal Sarabhai, The Calico Mills Ltd., Ahmedabad.
10. Sir Fazal I. Rahimtoole, Taj Mahal Hotel, Bombay.
11. Mr. S. Vankateswaran, C.I.E., I.C.S., Provincial Textile Controller, Madras.
12. Mr. Khandubhai Desai, The Textile Labour Association, Ahmedabad.
13. Mr. Dharma Vira O.B.E., I.C.S., Textile Commissioner, Bombay.
14. Dewan Bahadur C. S. Rataasabapathi Mudaliar, Coimbatore.
15. Mr. Bhogilal Lala, Congress House, Khadia, Ahmedabad.
16. Mr. J. K. Thakore, Provincial Textile Controller, 6-A, Cooperage, Bombay.
17. Mr. Gordhandas Goenandas Morarji, Rajab Mahal, Churchgate Reclamation, Bombay.

APPENDIX IV.

(Vide PARAGRAPH 2).

*List of the names of Associations/Individuals who attended the Cotton Textile Conference.***I. PRODUCERS.**

Mr. Kasturbhai Lalbhai	The Ahmedabad Millowners' Association, Ahmedabad.
Mr. S. S. Mangaldas ..	..
Dr. M. H. Patel ..	..
Mr. D. N. Bose ..	..
Mr. Bhattacharjee	The Bengal Millowners' Association, Calcutta.
Mr. K. F. Madan ..	..
Mr. B. B. Joshi ..	..
Sheth Jayantilal Amratia	C. P. & Berar Millowners' Association, Nagpur.
Mr. B. C. Mehta ..	..
Sit Homi Mody ..	..
Mr. Krishnarej M. D. Thackersey	Federation of Baroda State Mills & Industries, Baroda.
Mr. N. S. V. Aiyar ..	..
Dewan Bahadur C.S. Ratnasabapathy Mudiar ..	..
Mr. B. W. Batchelor	Southern India Millowners' Association, Coimbatore.
Mr. E. Royton ..	..
Mr. Sohanlal Singhania ..	..
Sir Shri Ram	Upper India Chamber of Commerce, Cawnpore.
Mr. Ambalal Sarabhai ..	..
Mr. Kher ..	..
		Delhi Cloth Mills, Delhi.
		The Calico Mills Ltd., Ahmedabad.

II. CONSUMERS.

The Hon'ble Mr. Hossain Imam, Gaya.

III. IMPORTERS.

Mr. A. L. Hudson ..	..	Chamber of Commerce, Bombay.
Mr. T. J. Hudson ..	..
Mr. L. A. Halsall ..	..

IV. MERCHANTS.

Mr. Gordhandas Goculdas Morarjeo, Bombay.	..
Mr. T. Murli, of Messrs. Kishenchand Chellaram, Bombay.	..

V. RAW MATERIALS (COTTON) SUPPLIER.

Sir Purahotamdas Thakurdas, Bombay.

VI. LABOUR.

Mr. Somnath P. Davo, Textile Labour Association, Ahmedabad.

VII. OFFICIALS AND OTHERS.

Mr. Dharma Vira, O.B.E., I.C.S., Textile Commissioner, Government of India, Deptt. of Industries and Supplies, Bombay.

Mr. S. Venkateswaran, C.I.E., I.C.S., Provincial Textile Controller, Madras.

Mr. J. K. Thakore, Provincial Textile Controller, Bombay,

Sir Frederick Stanes, Honorary Technical Adviser, Government of India Department of Industries and Supplies.

APPENDIX V.

(Vide PARAGRAPH 8).

GOVERNMENT OF INDIA.

DEPARTMENT OF INDUSTRIES AND SUPPLIES.

OFFICE OF THE TEXTILE

COMMISSIONER, WITTET ROAD, BALLARD ESTATE.

No. HB/16-47.

Bombay, the 18th January, 1947.

To

THE SECRETARY,
 Tariff Board,
 Bombay.

SIR,

SUBJECT:—*Adoption of a tariff policy for the handloom industry.*

In view of the fact that the Tariff Board is to shortly consider the question of protection to the Cotton Textile Industry, I have the honour to give below extracts from the minutes of the Fourth Meeting of the All India Handloom Board held on the 16th December, 1946 relating to the adoption of a tariff policy which would be beneficial to the handloom industry:—

"32. Item 15.—To consider the following resolution tabled by Mr. M. S. A. Majid for the second meeting of the board and deferred for consideration at this meeting:—

"Whereas the tagging of the handloom industry to the mills in the matter of formulating protective tariffs in the past has done considerable damage to the handloom industry and whereas the benefit that was sought to be afforded to the handloom weaver through the protective import duties on yarn and removal of excise duties has, in actual practice, accrued to the mill industry only, it is resolved to request the Tariff Board which is now considering tariff problems to adopt a tariff policy for the handloom industry independent of, and separate from the mill, inasmuch as the interest of the handloom industry is fundamentally different from those of the mill (vide para. 25 of the minutes of the third meeting of the Board)."

33. The Board discussed the Marketing and Research Committee's recommendation that the Central Government should appoint a competent and impartial tribunal to undertake a comprehensive examination of the incidence of tariff on cotton yarn and to suggest suitable measures to enable the handloom industry to compete with mills on fair terms. The Chairman remarked that it would be advisable to prepare in the first instance a case for the appointment of an impartial tribunal before approaching the Central Government and suggested that the matter be referred back to the Committee to prepare such a case. After some discussions, however, the Board adopted by majority Mr. Venkateswaran's proposal that the Committee's recommendation should be forwarded to the Government of India for consideration and that if they feel that a case should be prepared as suggested by the Chairman, an emergency meeting of the Committee may be called for".

It is requested that the Tariff Board may kindly take into consideration the views of the All-India Handloom Board referred to above.

2. It will be seen from the reports of the Tariff Board of 1932 and the Special Tariff Board of 1938 that they had considered not only the effect of the incidence of tariff on cotton yarn on the handloom industry but also the effect of the mill competition on the industry and proposals for removing the handicaps that were hampering the industry's progress, but could not make any specific recommendations thereon. There appears to be at present a strong case not only for the re-examination of the effect of protective yarn tariff on the handloom industry but also of a detailed and close study of the various handicaps under which the handloom industry has to work and which make it impossible for it to compete with the mill industry on fair and equal terms. This, it is suggested, may also be considered now by the Tariff Board while going into the question of protection to the

Cotton Textile Industry. The Tariff Board may also consider the feasibility or otherwise of giving relief to the handloom industry by adopting any of the following methods :—

1. imposition of cess or duty on mill products ;
2. imposition of terminal taxes on mill products ;
3. restriction of mill output by prohibiting mills from producing certain classes of cloth ;
4. reduction of duty on yarn.

3. In this connection, the Tariff Board may take into account the views of the Fact Finding Committee (Handloom and Mills) appointed by the Government of India in 1941 to investigate certain facts relating to the handloom and mill industries, contained in their report published by the Manager of Publications, Delhi in 1942. In para. 12 of the report they have examined the effect of the tariff policy in the past on the handloom industry, and the circumstances which led up to the Government of India amending the grant-in-aid to the industry have been detailed in Chapter I. The extent of competition between the handloom and the mill industry is dealt with in Chapter VIII and the delimitation of fields and other proposals for relieving mill competition are examined in Chapter XI of their report.

4. The receipt of this letter may kindly be acknowledged.

I have the honour, etc.

(Sd.) DHARMA VIRA,
Chairman, All-India Handloom Board.



APPENDIX VI.

[See PARAGRAPH 15].

Statement showing the development of the Cotton Spinning and Weaving Mills in India since 1935.

	1935	1939	Percent- age Increase (+) or Decrease (-) over 1935.	1945	Percent- age Increase (+) or Decrease (-) over 1939.
1. Number of Mills working & idle ..	364	389	+6.9	417	+7.2
2. Number of Spindles installed ..	9,873,775	10,059,370	+1.8	10,238,131	+1.8
3. No. of looms installed ..	198,367	202,464	+1.8	202,388	..
4. No. of Mills actually working ..	338	367	+9.2	412	+12.3
5. Average No. of spindles at work daily ..	8,429,464	8,980,371	+6.6	9,466,098	+5.2
6. Average No. of looms at work daily ..	174,114	183,332	+5.2	190,601	+3.8
7. Average No. of hands employed on day shift ..	414,181	431,949	+5.7	509,778	+13.1
8. Approx. quantity of cotton consumed (in bales of 392 lbs) ..	3,111,300	3,810,734	+22.7	4,909,314	+28.8
9. Total amount of paid up capital employed (in crores of Rs.) ..	(a) 39.47	(b) 42.81	(c) 54.36	(a) 39.47	(b) 42.81
10. No. of mills in course of erection ..	42	67	..	14	..

(a) Does not include figures for 48 mills.

(b) Does not include figures for 48 mills.

(c) Does not include figures for 47 mills.

APPENDIX VII.

(Vide Diagram 16).

Indian Hill's production of Cotton Yarn.

(Quantity in Millions of lbs.)

Quantity	1884-85	1885-86	1886-87	1887-88	1888-89	1889-90	1890-91	1891-92	1892-93	1893-94	1894-95	1895-96	
1 to 10	11	11	109.7	110.8	111.9	114.5	113.6	122.1	122.8	168.6	162.8	179.8	182.6
11 to 20	11	11	43.5	458.7	430.1	424.9	651.4	646.5	648.4	707.7	888.4	914.9	819.1
21 to 30	11	11	230.4	287.8	238.5	309.8	341.3	310.9	311.9	333.1	315.6	372.5	336.2
31 to 40	11	11	96.0	212.3	123.6	152.4	177.7	163.1	159.3	171.8	149.6	270.0	168.0
Above 40	11	11	43.9	43.6	61.4	65.1	21.6	81.7	88.4	163.3	65.9	85.4	49.1
Waste ..	11	11	5.9	6.1	8.4	11.2	14.5	16.4	17.0	19.3	18.5	19.4	21.9
Total ..	1001.4	1049.3	1034.1	1160.7	1035.2	1233.7	1349.0	1517.2	1693.7	1849.0	1650.5	1760.9	1616.8

APPENDIX VIII.

(Vide Paraoenath 16).

Quantitative Survey of Woven Cotton Goods in India during 1934-35 to 1945-46. (Quantities in Millions of Yards)

	1824-45	1825-36	1826-37	1827-38	1828-39	1829-40	1830-41	1831-43	1832-44	1833-45	1834-46	1835-46
I. <i>Phasianidae</i>												
1. Grey & Blackish— Grouse	58-6	60-4	60-9	67-5	74-8	70-8	61-9	55-6	65-8	69-1	70-1	70-1
Dobbs	110-0	120-0	113-7	121-6-3	145-6-5	1230-3	1001-4	921-3	715-1	1181-7	98-1	1269-9
Drills & Jays	118-6	120-0	126-5	125-3	125-3	125-3	167-6	224-8	206-7	205-8	216-9	192-0
Cuckoo & Louras	121-7	120-7	128-8	107-2	128-10	229-0	277-0	221-9	223-6	245-2	167-1	
Pheas.	120-6	120-0	147-7	137-6	107-2	18-7	15-4	15-1	24-8	24-1	61-1	27-0
Sharptail & Long eath	98-6	94-3	860-7	1085-6	2040-1	1901-5	669-0	1112-5	1060-0	1281-0	1920-9	1810-9
2. Grouse, dormouse and other game	101-5	132-1	170-5	191-3	484-2	173-2	197-6	281-0	209-5	245-7	220-6	
Taw cloth	6-1	7-6	9-7	15-2	14-2	26-5	118-1	111-6	177-9	130-7	184-0	72-7
Kakoo, drongos & pheas.	108-2	110-4	120-4	127-0	110-2	102-0	68-6	73-8	10-1	178-7	61-6	98-5
Other game	133-7	80-1	95-8	124-3	133-2	143-6	190-3	329-8	275-6	266-3	358-4	243-4
Total	2941-8	2772-0	2761-0	3190-6	2337-1	2165-6	310-6	3020-5	2707-3	3000-1	3020-0	
6. Coloured	707-8	610-2	893-6	932-1	926-6	1104-0	1183-4	1188-8	2185-6	1120-4	1128-8	
Total pheas.	3571-4	3572-0	4094-6	4290-6	4012-5	4299-6	4493-8	4108-3	4870-7	4775-5	4675-6	
II. Other game												
Comprising of—												
(a) Grey & blackish other than pheas.	6-7	6-1	5-1	6-1	8-5	3-4	7-1	10-2	6-8	6-8	6-8	6-4
(b) Horned	6-7	6-8	6-5	7-5	7-8	7-8	9-0	10-8	10-2	7-9	9-2	6-5
(c) Miscellaneous	6-2	0-7	6-8	8-0	7-3	7-4	11-0	14-6	10-0	18-1	20-2	10-7
(d) Crested, quail, minnow with bills or wool	6-6	4-7	8-6	6-1	7-1	5-8	16-2	7-6	8-1	2-1	1-8	9-1

APPENDIX IX.

(Vide PARAGRAPH 17).

Statement showing total Imports of Cotton Yarn into India in the period 1934-35 to 1945-46.

(Quantity in thousands of lbs.).

Description.	1934-35	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
<i>Abolé Group—</i>												
1 to 10	29	40	81	208	628	58	601	543	1,12	70	1	1
11 to 20	1,54	40	42	10	356	1,018	408	9	1	1	1	1
21 to 30	1	1	943	1,098	758	5770	323	153	1	1	1	1
31 to 40	1	1	7,113	12,620	3,2954	1,3011	5,6263	4,443	4,15	6	59	36
41 to 50	1	1	366	606	351	2686	269	690	577	178	81	12
51 to 60	1	1	5,028	4,920	6,271	1,276	2,672	5,059	1,6315	240	13	18
Abols 60	1	1	1,078	1,095	1,456	1,058	679	605	287	45	3	14
<i>Abols Coloured—</i>												
1 to 20	1	1	810	134	164	3	86	87	3	3	2	3
21 to 30	1	1	241	146	150	35	10	4	3	1	1	1
31 to 40	1	1	310	202	205	487	120	95	47	39	1	1
41 to 50	1	1	37	10	6	2	7	60	8	1	1	1
51 to 60	1	1	146	313	272	1,023	1,071	1,482	186	43	1	1
Abols 60	1	1	3,970	2,416	3,2853	3,4715	1,8556	1,4085	1,0000	402	9	1
<i>White bleached</i>												
1 to 20	1	1	5,942	8,014	8,704	4,134	12,435	16,314	6,449	1,117	1	1
21 to 30	1	1	351	185	31	91	20	49	28	1	1	1
31 to 40	1	1	1,076	10,906	6,361	9,657	11,033	14,019	7,996	8,722	2	17
41 to 50	1	1	34	23	28	18	18	15	1,216	1,686	605	410
51 to 60	1	1	34,013	44,090	36,250	21,905	36,460	49,801	16,335	8,173	943	820
<i>Total of cotton yarn</i>												
<i>Manufactured</i>												
<i>Spun</i>												
Total of cotton yarn	18,015	14,011	17,029	21,989	17,245	30,704	38,859	13,719	301	216	184	184
Total of <i>Printed</i>	721	774	6,002	713	803	656	4,687	5710	520	1,729		
Total of <i>Steering Thread</i>	2,632	3,746	2,194	3,237	1,672	1,648	1,635	1,673	461	1,320	376	376
Percentage of total cotton yarn imports to total All. India Production	3-60	4-2	2-7	1-0	3-6	8-3	1-4	0-6	0-06	0-04	0-01	0-01

APPENDIX X.

(Vide Paragraph 17).
 Statement showing Imports of Cotton Textiles from the United Kingdom, United States of America, Japan and all countries into India, in the period
 1934-35 to 1945-46.

(Quantity in millions of yards).

		1934-35	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46
Plain Orgs.—													
U. K.	..	25.01	22.33	18.10	9.41	6.40	3.63	0.702	0.204	0.078	..	0.047	0.021
Japan	..	152.31	180.53	155.34	81.23	172.10	161.34	187.73	53.55	..	..	..	..
U. S. A.	..	0.31	0.32	0.093	0.12	0.057	0.039	0.220	0.276	0.079	..	..	0.001
Total	..	178.11	215.23	167.59	98.54	172.76	175.74	175.67	64.65	0.297	0.096	0.047	0.026
Printed Orgs.—													
U. K.	..	77.65	63.05	41.30	14.87	28.53	5.29	0.216	..	..	..	..	..
Japan	..	41.51	59.85	62.90	24.34	63.05	58.82	30.37	6.69	..	..	..	..
U. S. A.	..	..	..	..	..	..	..	..	..	..	..	..	..
Total	..	110.85	110.21	89.61	78.67	85.90	30.92	6.68	..	..	..	..	..
Printed & Orgs.—													
U. K.	..	235.61	199.90	163.97	129.67	102.88	82.05	38.45	16.04	5.00	0.831	1.412	0.04
Japan	..	40.26	65.25	43.00	64.59	69.69	43.03	61.35	22.62	..	..	..	..
U. S. A.	..	0.03	0.007	0.031	0.012	0.001	0.103	0.086	0.059	0.001	0.011	..	0.038
Total	..	285.24	263.29	210.62	262.29	170.13	133.67	98.98	39.28	6.34	0.098	1.441	1.134
Printed—													
U. K.	..	07.06	07.64	49.77	47.69	34.86	25.12	10.99	6.04	3.13	1.40	2.01	0.46
Japan	..	101.66	150.26	137.50	102.49	89.93	60.85	91.93	33.14	..	..	..	..
U. S. A.	..	0.235	0.052	0.018	0.023	0.014	0.045	0.33	0.49	0.107	0.215	0.003	0.080
Total	..	109.72	218.02	187.53	153.24	131.00	109.48	110.04	47.84	3.27	1.02	2.14	0.703

Prew Prew		U.K.		102-25		70-50		62-43		63-55		55-44		26-52		10-06		6-12		3-10		0-925		1-35		0-79	
Japan		..		18-48		20-40		17-19		22-32		22-47		15-64		26-95		16-80		..		..		..		..
U.S.A.		..		0-32		0-344		0-12		0-438		0-180		0-292		0-147		0-619		0-104		0-117		0-061		0-048	
Total		..		127-13		108-10		01-32		91-34		71-94		85-16		49-76		28-11		3-61		1-98		1-32		0-388	
Wheat Ginned—		
U.K.		..		13-77		8-76		3-69		3-52		1-09		1-09		0-603		0-016		0-365		0-011		0-050		0-218	
Japan		..		19-82		25-77		0-03		0-32		6-28		10-56		9-46		3-14		..		..		..		..
U.S.A.		..		0-067		..		..		..		..		..		0-003		0-023		0-003		0-007		0-013		0-203	
Total		..		34-35		30-30		15-52		10-03		7-54		13-93		10-69		5-03		0-091		0-118		0-064		0-124	
Total Prews—		
(Excluding Fruits & Melons)		
U.K.		..		652-10		439-68		374-17		266-01		277-04		144-58		59-16		31-20		11-85		3-27		4-84		5-03	
Japan		..		373-77		405-74		410-05		305-05		421-31		323-37		369-05		135-69		..		..		..		..
U.S.A.		..		0-927		0-733		0-213		0-638		0-255		0-479		0-690		1-59		0-398		0-350		0-047		0-365	
Grand Total		..		913-71		940-73		763-20		687-99		617-25		379-03		436-03		181-54		13-06		3-73		4-90		3-16	
Per cent. of total C-44um photo-		
genes (excluding Fruits) in-		
to total all India pro-		
duction of cotton picrogeno-		
—		
Rate of all descriptions—		
U.K.		..		0-24		7-63		9-09		12-37		6-59		8-97		4-30		4-13		0-68		0-23		0-30		1-04	
Japan		..		36-71		24-70		54-07		10-01		0-68		7-97		10-22		3-13		..		..		..		..
U.S.A.		..		6-00		0-04		6-90		7-88		6-93		0-11		7-70		3-08		1-10		1-33		1-48		1-48	
Total		..		63-24		49-66		76-30		29-28		61-51		30-58		24-89		17-95		3-77		1-32		1-63		2-63	

APPENDIX X—contd.

		1934-35	1935-36	1936-37	1937-38	1938-39	1939-40	1940-41	1941-42	1942-43	1943-44	1944-45	1945-46	
<i>Percentage of Cotton and Artificial Fibres</i>														
U. K.	**	3.75	2.28	1.41	1.31	1.53	1.73	2.06	1.24	0.10	0.25	1.56		
Japan	**	74.77	79.47	112.20	103.45	20.67	57.50	55.40	26.82	**	**	**		
U. S. A.	**	**	**	0.007	**	0.003	0.008	0.013	0.013	0.044	0.211	1.44		
Total	**	80.56	82.75	114.21	108.77	23.01	51.01	53.26	20.57	1.32	0.16	0.46	3.37	
<i>Tons in the Future</i>														
U. K.	**	**	**	**	**	**	**	**	**	**	**	**		
Japan	**	**	**	**	**	**	**	**	**	**	**	**		
U. S. A.	**	**	**	**	**	**	**	**	**	**	**	**		
Total	**	0.004	0.004	0.035	0.014	0.010	0.052	0.001	0.004	0.001	**	**	0.012	
<i>Percentages</i>														
U. K.	**	0.67	0.70	0.41	0.50	0.35	0.40	0.31	0.19	0.04	0.01	0.01	0.01	
Japan	**	0.19	0.11	0.10	0.06	0.09	0.07	0.10	0.08	**	**	**		
U. S. A.	**	**	**	**	0.008	**	0.004	0.006	0.013	**	0.018	**		
Total	**	0.76	0.95	0.89	0.70	0.63	0.69	0.63	0.30	0.17	0.03	0.01	0.01	
<i>Second Total of all kinds of Fibres</i>														
U. K.	**	0.65-0.95	4.60-2.28	3.44-7.8	2.80-9.0	21.6-7.8	16.3-4.7	0.3-0.1	37.63	13.83	3-0.1	5-22	4-37	
Japan	**	4.65-3.9	61.6-9.7	58.3-41	41.0-0.0	0.64-0.0	0.63-0.0	45.3-3.7	16.5-7.1	**	**	**		
U. S. A.	**	7.04	8.77	3.20	0.30	8.25	0.42	0.70	12.45	2.40	1.00	1.01	3.45	
Total	**	1.077-2.27	1.077-0.01	0.64-1.15	7.28-5.64	70.6-0.0	60.1-1.6	63.0-0.44	23.0-3.6	17.21	0.22	0.20	0.18	

APPENDIX XI.

(Vide PARAGRAPH 18).

No. 205-TA/45.

DEPARTMENT OF INDUSTRIES AND SUPPLIES.

RESOLUTION.

New Delhi, the 4th May 1946.

Expansion of the Cotton Textile Industry.

No. 205-TA/45.—In February 1945 the Government of India appointed a Committee to prepare a plan for the development of the Indian Cotton Textile Industry. Their Report, submitted in November 1945, is now published for general information.

2. The Government of India wish in the first place to congratulate the Committee on a notably clear and able report which will contribute greatly to the understanding of the problems of this great industry, and to express their gratitude for the public spirit as well as the competence shown by the Committee.

The Government of India are in substantial agreement with the Committee and the differences of view on certain aspects discussed below do not affect the fundamental schemes for expansion which the Committee have proposed.

3. The Government of India agree with the Committee that for the next few years it will not be possible to procure enough machinery to support an expansion of more than 1,700 million yards per annum of cloth. Like the Committee the Government of India would have preferred a greater expansion, but on a consideration of the probable availability of textile machinery in the near future there is no alternative but to plan for the present on the basis of the target recommended by the Committee. The plan will in the present circumstances be an interim plan and it is the intention of the Government of India to review it when world economic conditions or other circumstances make a review desirable.

4. The Committee recommend in essence that expansion should be distributed all over India. With this recommendation the Government of India are in entire agreement, and they have accepted with some minor modifications the detailed suggestions of the Committee for the allocation of new spindles in the various zones. The Annexure to this Resolution shows the final detailed allocation decided upon. In addition to the allocation shown in this annexure, it is proposed to set up some 130,000 spindles for the purpose of expansion of small mills in various States in the South Deficit Zone and in the Rajputana Lahori Zone.

5. The Committee have taken the view that the amount of "free" yarn at present available from India's mill production is adequate for the needs of handloom weavers and other consumers of yarn. The Government of India, however, think it necessary to ensure increased supplies of yarn for handloom weavers and other consumers, and have to this end directed that at least 25% of the new spindles installed shall be left uncovered by icons. Each British Indian Province and Indian State would of course be the best assessor of its own exact needs, and the Government of India propose therefore that the provinces and States may, if so advised, reserve a larger spindlage for such purposes.

6. The Committee have recommended a reduction in the duty of foreign cotton, and a full rebate of import duty paid on cotton for the benefit of India's export trade. The Government of India do not consider that these measures are justified in the present non-competitive conditions of world trade; but they will review the matter on the lines recommended by the Committee when competitive conditions return, in order that the Indian export trade may be enabled to compete in world markets on equal terms with other countries.

7. The Committee recommend in paragraph 9 of their Report that the import of second-hand productive machinery should be prohibited. Since it will be some years before India can produce enough cloth for her own requirements, the Government of India have not been able to accept this recommendation; they will allow import licences for second-hand productive machinery for the present if they are fully satisfied that the machinery in question will be serviceable for a reasonable period and suitable for economic production.

8. The Committee have recommended that import of certain machinery should be permitted freely from any country in the world. Having regard to existing currency

difficulties, the Government of India consider that import of plant from countries in respect of which they exist should be permitted only when there is reason to believe that the plant will be delivered appreciably earlier or will be considerably cheaper or better than if obtained from the sterling area.

9. The Committee have recommended that where the replacement of existing by new plant is allowed, the replaced plant should be scrapped. While the Government of India appreciate the force of the Committee's recommendation on this point, they cannot see their way, in the present conditions of cloth shortage, to accepting it in toto. But they will urge on Provincial and State Governments the desirability of preventing the use by mills of inefficient and uneconomic plants.

10. In paragraph 23 (c) of their Report the Committee recommended that applications for import licences received after the 30th September, 1946, should be excluded. The Government of India have not accepted this recommendation because they feel that the relevant press advertisements did not come in good time to the attention of all industrialists concerned.

11. The Committee have modified the recommendation made in paragraph 24 of their Report, and now recommend that the Government of India should indicate to manufacturers that priority should be given to orders for expansion and new mills over orders for replacement of existing machinery. The Government of India accept this recommendation.

12. The Committee have pointed out in their Report that the present prices of textile machinery manufactured by firms in the United Kingdom are high. The Government of India agree that this is so, and will endeavour to obtain a reduction in those prices.

13. Subject to what is contained in this Resolution, the Government of India accept the recommendations made in the Committee's Report.

Order—Ordered that a copy of the above Resolution be communicated to all Provincial Governments and Administrations, all Departments of the Government of India, the Political Department, the Director General of Commercial Intelligence and Statistics, the Central Board of Revenue, the Indian Trade Commissioner, the High Commissioner for India, London, His Majesty's Trade Commissioner in India and all Chambers of Commerce.

Ordered also that it be published in the Gazette of India.

ANNEXURE.

Zone.	Provinces and States.	Fine Spindles.	Coarse Spindles.
Bombay	Bombay Presidency	114,000	..
Surplus area.	Baroda	38,000	..
	Nawanshgarh	..	25,000
	Junagadh	..	25,000
	Bhavnagar	..	25,000
	Cambay	19,000	..
Sind Zone	Sind Province	..	75,000
	Khairpur	..	25,000
Punjab Zone	Punjab Province	114,000	323,000
	Delhi Province	..	..
	N.W.F.P.	..	..
	Bahawalpur	..	55,000
	Nehha	..	25,000

Zone.	Provinces and States.	Fine Spindles.	Coarse Spindles.
United Provinces, Zone	Kapurthala .. ..	..	25,000
	United Provinces	114,000	150,000
	Bengal State .. ..	..	25,000
Bihar Zone	Bihar Province	38,000	175,000
Bengal Zone	Bengal Presidency	125,000	200,000
	Assam Province	100,000	(Coarse and fine mixed)
Orissa Zone	Seraikala .. ..	..	25,000
	Orissa Province	19,000	100,000
	Mayurbhanj .. ..	..	25,000
Central Provinces Zone ..	Central Provinces	76,000	75,000
	Rewa .. ..	..	25,000
South Zone	Madras Presidency	152,000	200,000
	Hyderabad	19,000	50,000
	Mysore	19,000	25,000
	Tiruvannamalai .. ..	..	50,000
	Cochin .. ..	..	25,000
	Padukkottai .. ..	..	25,000
Rajputana Zone ..	Gwalior	19,000	..
	Bharatpur .. ..	..	25,000
	Bikaner .. ..	..	25,000
	Dholpur .. ..	..	25,000
	Alwar .. ..	..	25,000
	Palanpur	10,000	..
Total ..	885,000 Fine spindles.		
	1,875,000 Coarse spindles.		
	100,000 for Assam, coarse and fine together.		
	2,858,000		

M. W. M. YEATTS, Secy.

APPENDIX XII.

(Vide PARAGRAPH 19).
Statement showing India and United Kingdom Selling Prices for Comparable Cloth and Yarn.

TABLE I.—*Cotton.*

Description.	Width in inches.	Ends per inch.	Ficks per inch.	Count of Warp. Inch.	Ounces of weft per yard.	United Kingdom.		India.	
						Ex-mill price Pence per Yd.	Ex-mill price Annas per Yd. (@ 12d. per rupee).	Ex-mill selling price per yard in India.	Ex-mill price per yard in India (percen- tage).
1. Heavy Sheetings	36	68	43	14s	11-90	0 10 6-33	0 6 9
2. Blooming Grey	36	66	60	21s	9-76	0 6 11	63-78
3. Print Cloth	38½	64	60	30s	8-60	0 7 7-52	76-19
4. Lawn	49	56	80	60s	9-01	0 8 5-50	92-04
5. Grey Shirting	31	68	52	36s	5-6	0 5 7-5	126-83
6. Grey Mill	45	84	84	40s	13-0	0 11 6-6	105-34
7. White Mill	48	72	62	44s	12-16	0 10 9-6	104-17

NOTE.—The first four are standard qualities accepted by the Economic and Social Sub-Committee of the International Labour Office.

APPENDIX XIII—*contd.*

TABLE 2—YARN

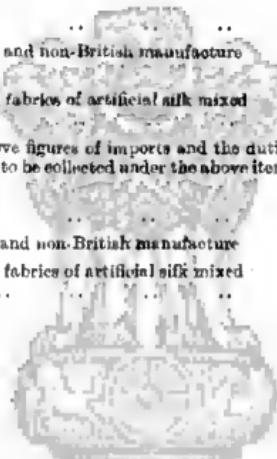
Count of yarn.	Type of cotton used.	United Kingdom.		Indian.		Ex-mill Ceiling price As. per lb.	Price of raw cotton used As. per lb.	Ex-mill price As. per lb.	Percentage of Indian price to English price (percentage).
		1	2	3	4				
20s	American	..	..	17.96	26.27	Indian	..	12.04	67.76
30s	American	..	..	17.96	28.61	Indian	..	12.96	78.64
20s	American	..	..	17.96	30.21	Indian	..	12.96	52.13
42s	Egyptian	..	..	19.02	33.65	Indian	..	12.96	79.34
60s	Egyptian	..	..	19.02	40.67	Egyptian	..	16.75	105.05
							..	21.94	52.80
									189.82

APPENDIX XIII

(Vide PARAGRAPH 24.)

STATEMENT SHOWING THE CUSTOMS DUTIES (PROTECTIVE ONLY) COLLECTED ON IMPORTS OF COTTON PIECE GOODS AND YARN IN 1945-46 AND EXPECTED TO BE COLLECTED ON IMPORTS OF SUCH GOODS DURING 1946-47.

	Total quantity imported.	Total duty collected. (in millions). (in lakhs of Rs.).
1. Cotton Yarn and Thread	1.866 lbs.	5.88
2. Cotton fabrics of British and non-British manufacture	3.18 yds.	10.93
3. Artificial Silk fabrics and fabrics of artificial silk mixed with other materials	3.37 ..	52.50
In 1946-47, the total imports into British India under the above categories are expected to be as under :—		
1. Cotton Yarn and Thread .....	..	1.8 million lbs.
2. Cotton fabrics of British and non-British manufacture .....	..	15.0 million yds.
3. Artificial Silk fabrics and fabrics of artificial silk mixed with other materials .....	..	15.0 million yds.
On the basis of the above figures of imports and the duties collected in 1945-46, the total amount of duties likely to be collected under the above items in 1946-47 is estimated as under :—		
1. Cotton Yarn and Thread .....	..	Rs. 6.0 lakhs.
2. Cotton fabrics of British and non-British manufacture .....	..	Rs. 52.0 lakhs.
3. Artificial Silk fabrics and fabrics of artificial silk mixed with other materials .....	..	Rs. 235.0 lakhs


 नवराष्ट्र लक्ष्मी

APPENDIX XIV.

(Vide PARAGRAPH 29).

COTTON MANUFACTURES.

Item Number of the Schedule (Imports Tariff) (1)	Name of article. SCHEDULE I	Existing (as on 1.1.1947).				Proposed. (6)
		Nature of duty. (3)	Standard rate of duty. (4)	Nature of duty. (5)	Standard rate of duty. (6)	
47 (6)	A. COTTON TWIST AND YARN— (a) of counts above 60— (i) of British manufacture (ii) not of British manufacture (b) of counts 50's and below— (i) of British manufacture (ii) not of British manufacture	Protective ... Protective ... Protective ... Protective ...	6 per cent. ad valorem 7½ per cent. ad valorem 5 per cent. ad valorem or 1½ annas per lb., whichever is higher, plus one-fifth of the total duty 6½ per cent. ad valorem or 1½ annas per lb., whichever is higher, plus one-fifth of the total duty	... ... ... ... ...	... ... ... ... ...	Free. Free. Free. Free.
48 (1)	B. COTTON SEWING OR DARNING THREAD. FABRICS NOT OTHERWISE SPECIFIED CONTAINING MORE THAN 90% OF ARTIFICIAL SILK.— (a) of British manufacture	Same	as in A above	—	—	Existing tariff should be continued.
						36% ad valorem. Revenue

APPENDIX XIV—contd.

Item Number of the Schedule (Import Tariff). (1)	Name of article. (2)	Excise (as on 1-1-1947).				Revenue 18% ad valorem.
		Nature of duty. (3)	Standard rate of duty. (4)	Nature of duty. (5)	Standard rate of duty. (6)	
48 (1)	(b) not of British manufacture ..	Protective ..	10 per cent. ad valorem or 7 annas per sq. yd., whichever is higher, plus one-fifth of the total duty.	Revenue ..	36% ad valorem.	
48 (3)	COTTON FABRICS NOT OTHERWISE SPECIFIED CONTAINING MORE THAN 90 PER CENT. ON COTTON—					
	(a) Grey piecegoods (excluding bordered grey chandars, dhoties, stoles and scarves)—	Protective ..	12½ per cent. ad valorem or 2-3/16 annas per lb., whichever is higher, plus 1/5 of the total duty.	Revenue ..	18% ad valorem.	
	(i) of British manufacture ..	Protective ..	60 per cent. ad valorem or 6½ annas per lb., whichever is higher, plus one-fifth of the total duty.	Revenue ..	18% ad valorem.	
	(ii) not of British manufacture ..	Protective ..	60 per cent. ad valorem or 6½ annas per lb., whichever is higher, plus one-fifth of the total duty.	Revenue ..	18% ad valorem.	
	(b) Printed piecegoods and printed fabrics—	Protective ..	18 per cent. ad valorem ..	Revenue ..	18% ad valorem.	
	(i) of British manufacture ..	Protective ..	18 per cent. ad valorem ..	Revenue ..	18% ad valorem.	

				Revenue	18% ad valorem.
		Protective	60 per cent ad valorem	Revenue	
	(ii) not of British manufacture	..	..	Revenue	
	(e) Cotton piecegoods and fabrics not otherwise specified—	Protective	15 per cent. ad valorem	..	15% ad valorem.
	(i) of British manufacture	—	..	Revenue	
	(ii) not of British manufacture	..	Protective	60 per cent. ad valorem	..
				Revenue	15% ad valorem.
48 (5)	FABRICS, NOT OTHERWISE SPECIFIED, CONTAINING NOT MORE THAN 10 PER CENT. SILK, BUT MORE THAN 10 PER CENT. AND NOT MORE THAN 90 PER CENT. ARTIFICIAL SILK—	—	—	Revenue	
	(a) containing 60 per cent. or more cotton—	Protective	20% ad valorem or 2 annas per sq. yd., whichever is higher plus one-fifth of the total duty.	Revenue	39% ad valorem.
	(i) of British manufacture	—	—	Revenue	
	(ii) not of British manufacture	—	Protective	60% ad valorem or 5½ annas per sq. yd., whichever is higher plus one-fifth of the total duty.	36% ad valorem.
				Revenue	
	(b) containing no cotton or containing less than 60% cotton—	Protective	30% ad valorem or 2½ annas per sq. yd., whichever is higher, plus one-fifth of the total duty.	Revenue	30% ad valorem.
	(i) of British manufacture	..	..	Revenue	
	(ii) not of British manufacture	—	Protective	50 per cent. ad valorem or 7 annas per sq. yd., whichever is higher, plus one-fifth of the total duty.	38% ad valorem.

APPENDIX XIV—*contd.*

Item Number of the Schedule (Import Tariff). (1)	Name of article. (2)	Exemptions (as on 1-1-1947). —			Proposed. —
		Name of duty. (3)	Standard rate of duty. (4)	Nature of duty. (5)	
48 (7)	FABRICS, NOT OTHERWISE SPECIFIED, CONTAINING NOT MORE THAN 10 PER CENT. SILK OR 10 PER CENT. ARTIFICI- AL SILK OR 10 PER CENT. WOOL, BUT CONTAINING MORE THAN 50 PER CENT. COTTON AND NOT MORE THAN 90 PER CENT. COTTON—	Protective ..	30 per cent. ad val. 60 per cent. ad. val.	Revenue Revenue	30% ad valorem. 30% ad valorem.
(a) of British manufacture..	..	..	..	..	..
(b) not of British manufacture..	..	..	..	..	..
48 (9)	THE FOLLOWING COTTON FABRICS, NAME- LY, SATEENS INCLUDING ITALIANS OF SATEEN WEAVE, VELVETS, AND VEL- VETEENS AND EMBROIDERED ALL- OVERS—	Protective ..	18 per cent. ad val. 42 per cent. ad val.	Revenue Revenue	18% ad valorem. 18% ad valorem.
	(a) Printed fabrics—				
	(i) of British manufacture..	..	..	..	..
	(ii) not of British manufacture..	..	..	..	..

